

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Thursday March 29 1984

No. 29,284

D 8323 B

Saudi Arabia plays its petrochemical ace, Page 22

## NEWS SUMMARY

### GENERAL

#### Israel sets election date

Israeli premier Yitzhak Shamir and Labour opposition leader Shimon Peres yesterday announced that a general election will be held on July 22.

The decision to hold the election 18 months ahead of schedule was forced on the Government last week when it was defeated on three private member's bills calling for the dissolution of the House. Both political leaders may face leadership contests within their parties. Page 24

#### Cruise disagreement

U.S. Defence Secretary Caspar Weinberger will be told by the Dutch Government today that it does not believe that its refusal to deploy cruise missiles will affect the chances of renewing the Geneva arms talks. Page 2

#### Soviets back Hart

A leading Moscow newspaper voiced cautious support for U.S. Democratic presidential contender Gary Hart and his views on nuclear weapons and U.S.-Soviet relations. Mandate ahead in New York. Page 4

#### Santiago curfew

Santiago faced a third night of curfew after four people were shot dead in Chile during protests against the military government. Page 4

#### Armenians attack

An Armenian guerrilla died as he tried to plant a bomb in a Turkish diplomatic car in Tehran. Four other people were wounded. The guerrilla was shot and wounded, one seriously. Page 5

#### Basque towns strike

Shops, schools and offices closed in several Spanish-Basque towns as people staged a 24-hour strike in protest at the recent deaths of four separatists in a police ambush. Page 5

#### Strike hits London

London commuters struggled home without buses or underground trains while London Transport staff held a 24-hour strike in protest at plans to abolish the Greater London Council. Page 5

#### Steelworkers protest

French steelworkers set fire to the Paris-Strasbourg railway line, blocked roads and burned newspapers in Nancy in protest at threatened job cuts. Page 5

#### Athens shooting

British cultural attaché in Athens Ken Whitty was shot dead in Athens. A woman passenger in his car was seriously wounded. Page 5

#### French pilot killed

A French Jaguar fighter crashed on a training flight over the Cotentin plateau in central France, killing the pilot. Page 5

#### Sikh violence spreads

Sikh violence in the north India Punjab state spread to New Delhi, where a leading Sikh moderate was wounded by three Sikh gunmen. Page 4

#### Damascus hangings

Five men, including a policeman, were publicly hanged at dawn in a Damascus square for murder and robbery. Page 5

#### Kampala death

Unidentified gunmen shot dead an Italian businessman as they were stealing fuel from a Kampala, Uganda petrol station. Page 5

### BUSINESS

#### Wall St up 20 in heavy trading

WALL STREET: Dow Jones industrial closed up 20.31 at 1,174.62, its largest rise since February 24. Trading volume surged to 104,671m shares. Report, Page 37; full share listings, Page 38-40.

LONDON: FT Industrial Ordinary index added 0.2 to close at 875.2. Government securities were little changed. Report, Page 41; FT Share Information Service, Pages 42-43.

TOKYO: Nikkei Dow index gained 172.51 to close at 10,700.87, a record high for the second successive day helped by falling interest rates and signs of economic revival. The Stock Exchange index was up 14.1 at 843.73. Report, Page 37; leading prices, other exchanges, Page 40.

GOLD fell \$2.75 to close at \$384.25 in London. In Frankfurt it was down \$2.5 at \$386.25 and in Zurich it fell \$3 to \$386. The New York Comex March settlement was \$386.10 (\$387.30). Page 46.

DOLLAR rose to DM 2.5975 (DM 2.578). SwFr 2.159 (SwFr 2.141); FFf 7.925 (FFf 7.9425) and Y25.1 (Y22.3). Its Bank of England trade-weighted index was 126.6 (125.9). In New York it closed at DM 2.572; SwFr 2.143; FFf 7.9225 and Y22.75. Page 47.

STERLING fell 90 points to close at \$1.47, but improved at DM 3.78 (DM 3.755). SwFr 3.125 (SwFr 3.12); Y25.1 (Y22.3). Its trade-weighted index was 80.5 (80.3). In New York it closed at \$1.4515. Page 47.

SOUTH AFRICAN Finance Minister Owen Horwood raised company taxes and duties on beer and cigarettes in a move to strengthen the economy. Overall spending was boosted 12 per cent to R24.98bn (\$20bn), defence spending by 21 per cent. Page 24.

LEAD prices were boosted on the London Metal Exchange by news that operations at the Broken Hill mining complex in Australia have been suspended after industrial action made them uneconomic. Page 46.

RAT INDUSTRIES, the UK tobacco, retailing and paper group which bought the Eagle Star insurance company two months ago, pushed up its 1983 pre-tax profits by 14 per cent to \$778m on turnover just 4 per cent higher at \$11.85bn (\$11.8bn). Page 39; Lex, Page 24.

ELF AQUITAINE, the French state-controlled oil company, intends to increase its capital by about FFf 1.5bn through a one-for-ten share issue. Page 39.

SHELL UK announced operating profits for 1983 of £1.92bn (\$2.693bn), up 54 per cent. Page 10.

SOCIETE FRANCAISE des Petroles BP, French subsidiary of British oil company, reported a net loss of FFf 8m for 1983, sharply lower than the FFf 143m reported in 1982. Page 25.

GROUP BRUXELLES LAMBERT, Belgium's second largest holding company, won to raise its dividend after announcing a net profits boost for 1983 of BFf 2.57bn (\$4.7m) compared with BFf 1.48bn in 1982. Page 25.

DALMINIE, leading Italian maker of steel pipes, saw net profits for 1983 drop to L120m (\$75,000) from L138.4bn in 1982. Page 25.

NOVA PARK, Zurich-based hotels company, ousted founder and managing director Rene Hatt and arranged a \$1.5m cash injection from New York banks. Page 25.

WESTERN European economy is likely to continue its recovery this year and next, UN Economic Commission for Europe said. Page 25.

## Cheysson insists that EEC needs Britain

By JOHN WYLES IN BRUSSELS

M. CLAUDE CHEYSSON, France's External Affairs Minister, yesterday firmly quashed suggestions that the European Community could do without Britain.

Reporting to the European Parliament on last week's failed summit, M. Cheysson declared: "Europe must be a Europe of 10 countries and of 12 tomorrow (with the accession of Spain and Portugal). We have committed ourselves to this."

The French Minister, who is currently president of the EEC's Council of Ministers, was extremely careful to avoid any accusations against the UK.

In a measured account of the dispute over Britain's budget payments, M. Cheysson refused to be pessimistic about reaching a settlement on that and on Ireland's demand for special exemption from milk quotas.

After the breakdown of the negotiations of heads of government last week, Mr Andreas Papandreu and some French opposition politicians had asserted that the Community would be better off without Britain.

Even M. Francois Mitterrand, the French President, appeared to hint at the end of the summit that the Nine might try to push ahead on their own with development of the Community.

Although London will obviously welcome M. Cheysson's statement of French determination to reach agreement on the budget issue, the British Government will be slightly puzzled by his description of its position.

He implied that the difference between the Nine and the UK concerned more than the amount by which the UK's budget contribution should be reduced at the start of a new system for calculating payments.

The nine had made an important concession to the UK in offering such a system, which M. Cheysson suggested the UK had rejected because it did not take into account the payments Britain transfers to Brussels as customs duties and levies.

"One member-state is behaving as if the system does not exist," the French minister said.

However, Sir Geoffrey Howe, Britain's Foreign Secretary, made clear at the end of Tuesday's abortive negotiations by EEC foreign ministers that the UK did accept the system but was insisting that its starting point should be an Ecu 1.35bn (\$1.05bn) cut in Britain's payments.

In his report to the parliament yesterday, M. Gaston Thorn, the European Commission president, emphasised his own disenchantment with recent developments, including two outline agreements reached at the summit which await a settlement of the British budget problem before they can be implemented.

He opposed the summit's approach to imposing a tighter control on EEC spending. That risked reducing the already limited powers of the European Parliament, which should not be blamed for any loss of control over expenditure, M. Thorn said.

He thought, moreover, that the summit's agreement in principle to raise the 1 per cent VAT ceiling on EEC budget revenues to 1.4 per cent

in 1986 and then 1.6 per cent in 1988 was "completely unacceptable."

A 1.4 per cent limit would last less than three years and, according to the summit compromise, the second increase would also be subject to ratification by national parliaments. M. Thorn said a higher ceiling was needed as a demonstration of confidence in the Community.

Margaret van Hattem adds from London: The British Government is preparing for a war of attrition with its EEC partners over the base figure for its budget contribution to which new long-term financing arrangements will be linked.

It appears confident that its threat to block any increase in the Community's budget revenues until its own demands are met will ultimately force the other states to make concessions.

Sir Geoffrey Howe in the house of Commons yesterday said that the gap between the £590m (\$740m) rebate offered by the other countries and the £737m which Britain is demanding was "of greater significance

than is implied by the crude size of the gap."

His statement contrasts with signals from the Government late last week that it was ready, so long as the other countries agreed to bring in a long-term financing system, to give way on the sums at issue.

Sir Geoffrey's insistence on the importance of the £147m gap is regarded with scepticism, some Conservatives suggesting that Mrs Margaret Thatcher, the UK Prime Minister, has begun to view the figure as a test of prowess.

Prominent Conservative backbenchers believe the Government would have little difficulty in getting majority support in the Commons for something close to the lower figure.

The Government appears prepared to sit things out, however, until the next EEC summit in June, or even later if necessary. Sir Geoffrey indicated in his statement that Britain would abide by EEC rules in the meantime.

UK wins concessions; Kohl calls, Page 3

## Jardine Matheson to withdraw holding company from HK

By ROBERT COTTRELL IN HONG KONG

JARDINE MATHESON, the trading company which helped establish Hong Kong as a British colony 141 years ago, plans to move its ultimate holding company to the self-governing British territory of Bermuda.

Mr Simon Keswick, the group's chairman said yesterday that the move was prompted by uncertainty over Hong Kong's future. In particular, Jardine was concerned about the legal system which would prevail after 1997 - the year in which Britain's 99-year lease over most of Hong Kong expires.

China plans to take back Hong Kong in that year, but has said it wants to leave the territory's way of life intact under an autonomous local administration.

Mr Keswick said he was confident of a "successful conclusion" to Sino-British talks about Hong Kong's future. The company's head office will remain in Hong Kong and it will not be moving any assets out of the territory. The new Bermudan domicile was desirable, he said, because "others, being farther from the scene, may view differently the natural progression of Hong Kong from a colonial territory to a

part, albeit a special part, of China."

Mr Keswick said this concern might affect Jardine's ability to obtain "major long-term contracts, joint ventures, new acquisitions or finance." The Bermuda incorporation is scheduled for the end of June.

Mr Keswick announced the move together with Jardine's results for 1983. The group returned net profits of HK\$139m (\$17.8m) while its sister company, Hongkong Land, reported net profits of HK\$186m.

Attributable profits to shareholders after extraordinary gains and exchange translation items, stood at HK\$351m for Jardine. There was a corresponding loss of HK\$1.5bn for Hongkong Land, which provided heavily against falling property values in Hong Kong. Hongkong Land paid a token one cent dividend.

Jardine's move to Bermuda is the first implementation by a major Hong Kong company of contingency planning against the uncertainty associated with 1997. Overwhelmingly, local companies have claimed publicly that 1997 is a non-issue in terms of forward planning, though

few executives are without their private doubts.

Mr Keswick is himself a descendant of Mr William Jardine, one of the two Scottish surgeons who founded a trading partnership, Jardine Matheson, at Canton and Macao in 1832. They sold opium, a highly profitable commodity, into China.

Both men ardently lobbied the British Government to protect their trading position on the China coast - a policy which culminated in the taking of Hong Kong as a colony in 1841-42.

Mr Jardine became a British member of parliament in 1841, and was acknowledged by Lord Palmerston, the British Foreign Secretary, as a valuable adviser.

Jardine's main interests now are in property, insurance, shipping and trading. Almost 70 per cent of group funds are concentrated in Hong Kong. The ownership of Jardine's overseas interests, including

Continued on Page 24

Lex, Page 24; Hongkong Land deeper in red, Page 26; Hong Kong pours money into Australia, Page 6

## UK shipyard taken over in £12m deal

By ANDREW FISHER AND PETER RIDDELL IN LONDON AND MARK MEREDITH IN EDINBURGH

THE SCOTT LITHGOW shipyard on the Clyde in West Scotland was finally saved from threatened closure yesterday when the UK Government approved its purchase by Trafalgar House, the British construction, shipping and property group.

The deal will cost UK taxpayers £71m (\$103m). Trafalgar House is paying £12m for the yard, which was owned by state-owned British Shipbuilders (BS). As already announced, Howard Doris, the Anglo-French fabrication company, is to buy a 25 per cent share in the yard from Trafalgar. The deadline for this is April 24.

Trafalgar said that further redundancies from the remaining workforce of 2,900 were likely. Mr Eric Parker, managing director, said the number would depend on how the yard performed and how much work it obtained.

The company will pay an immediate £3m for the yard and the rest over three years. It will also be liable in three years to repay £8m lent by BS to the yard. BS made this loan when a possible deal, under which Trafalgar would use the

yard's facilities free of charge for that period, was being discussed.

Under BS the yard ran into serious trouble on two major oil rig contracts for Britoil and British Petroleum and made heavy losses.

The main problem was caused by lengthy delays on an \$88m rig for Britoil, which consequently cancelled the order last December when the rig was only 30 per cent complete.

Yesterday's agreement, which follows approval by Mr Norman Tebbit, Trade and Industry Secretary, provides for completion of the sophisticated rig by the yard under its new owner. The new deadline is March 1986.

As well as further offshore rig work, the yard will seek Ministry of Defence business, such as submarine refits, Trafalgar said. One order now being sought could be worth £30m.

Mr Parker expected the workforce to fall gradually to 2,000 by the end of the year as the current work on the two rigs, and a small defence order was completed. If no new work came in, there could be a drop to 1,500.

Continued on Page 24

## Porsche family shareholders expected to offer stakes

By JOHN DAVIES IN FRANKFURT

FAMILY SHAREHOLDERS in Porsche, the West German sports car maker, are each expected to offer 30 per cent of their individual share stakes to outside investors in the form of non-voting preference shares.

The decision to open the company to outsiders and to list the shares on the Frankfurt stock exchange is a milestone in its 53-year history.

Details will be announced in Stuttgart today at a press conference to be attended by Dr Ferry Porsche, son of the company's founder.

Porsche had sales of DM 2bn (\$778m) and made a net profit of DM 69.6m last financial year. It sold 44,800 cars, nearly half of them in the U.S.

The price of the preference shares is likely to be decided in about two weeks, and the issue could be completed as soon as the end of April. The issue could raise between DM 230m and DM 270m.

A stock market launching has long been discussed by members of the related Porsche and Piech families.

But the decision has been triggered off by recent moves by two members of the Piech family to sell their stake to Al-Mal International, the London merchant bank, acting in co-operation with ABC-Daus, the Frankfurt private bank owned by Herr Ernst Piech decided late last year to sell his 9.5 per cent stake, but other members of the family stepped in to exercise an option of first right of purchase.

Last month his sister, Frau Louise Ahorn, came to a similar agreement to sell her 9.5 per cent stake for nearly DM 100m. It is understood that this deal will not go ahead in the original form. But Al-Mal International and ABC-Daus are expected to be included in the placement of preference shares.

Al-Mal International at first planned to bring its Porsche shares to the stock market indirectly through a Netherlands Antilles company, Motor Tech, to be listed on the Luxembourg bourse.

The bank offered to convert Frau Louise Ahorn's share stake into non-voting preference shares, in view of the reluctance of other family members to allow outsiders to gain any voting shares.

The Porsche and Piech families then decided on a wider move under which each shareholder would make over 30 per cent for stock market placement.

It is understood that Bayerische Vereinsbank, Deutsche Bank and the regional Landesgesselschaft in Stuttgart will be involved in the share placement.

The shares are likely to be on the market relatively quickly, possibly next month.

After the death of the company's founder in 1951, the shares were in the hands of Dr Ferry Porsche, his sister, Frau Louise Piech, the four children of each of them, plus the separated wife of Gerd Porsche.

These 11 family shareholders were reduced to 10 when Herr Ernst Piech's stake was taken over with the help of bank finance.

## A questionnaire for FT readers.

Would you be interested in a totally new way of trading the stock market?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Whereby you can make money whether the market goes up or down?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Where you don't even have to purchase shares, and can protect those you already have against a market fall?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Where you need only put down a 10% deposit against the total value of your investment?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Where you avoid stamp duty and pay less commission?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
The coming futures contract on the FT-SE100 Share Index provides these and other opportunities for investors. It's explained in our free booklet. Would you like a copy?	No <input type="checkbox"/>	

Name	Yes <input type="checkbox"/>
Address	
Tel: Day/Eves	Telex
Send to: JCM Graham, Inter-Commodities, FREEPOST, 3 Lloyds Avenue, London EC3B 3DT. Telephone: 01-481 9827. Telex: 884962.	
<b>Inter-Commodities:</b>	

### CONTENTS

Europe	2-3
Companies	25
America	25
Companies	25
Overseas	4
Companies	26, 28
World Trade	6
Britain	8, 10
Companies	30, 32, 34-36
Agriculture	46
Appointments	20
Appointments advertising	12
Arts - Reviews	21
World Guide	21
Commodities	46
Crossword	44
Currencies	47
Editorial comment	22
Eurobonds	41
Euro-options	41
Financial futures	47
Gold	46
Int. Capital Markets	46
Letters	24
Lex	24
Lombard	23
Management	29
Market Monitors	22
News and Markets	22
Mining	36
Money Markets	47
Raw Materials	47
Stock markets	37, 40
- Wall St	37-40
- London	37, 41-43
Technology	11
Unit Trusts	44-45
Weather	24

47	<b>Petrochemicals:</b>	Saudi	<b>Aluminium industry: Quebec</b>	
48	Arabia plays an ace . . . . .	22	takes heart . . . . .	25
49				
50	<b>Economic Viewpoint: the UK</b>		<b>U.S. office equipment: AM</b>	
51	budget infrastructure . . . . .	23	International rebuilds . . . . .	28
52				
53	<b>Ireland: Europe's smallest</b>		<b>Editorial comment: S. Africa;</b>	
54	steel plant threatened . . . . .	2	industrial training . . . . .	22
55				
56	<b>EEC: Britain wins vital</b>		<b>Lex: Jardine; Prudential;</b>	
57	concessions . . . . .	3	Babcock; BAT . . . . .	24
58				
59	<b>Technology: elevators give</b>		<b>Lombard: a blinkered view</b>	
60	Japan's industry a lift . . . . .	11	of the U.S. . . . .	23



## EUROPEAN NEWS

David Marsh reports on a French financial group's new fund

## Suez steps into the venture capital business

COMPAGNIE FINANCIÈRE de Suez, the French state-owned financial and industrial holding group, is trying to marry the long-established Suez nose for business with U.S.-style venture capital techniques by creating a new fund to channel equity into promising small French companies.

The man chosen to head the initiative, being set up along with the state-run Industrial Development Institute (IDI), is M Gerard Worms, former director general of the Rhône-Poulenc chemicals group. He was recruited at the turn of the year by M Jean Peyrelevade, the Suez chairman, to look after the group's industrial interests.

M Worms is building up a small

team at Suez to assist him in running the fund, and is also recruiting an informal network of "advisers" to keep a watch out for likely acquisitions in industrial sectors around the country.

The development fund to be run in association with IDI will have an initial capital of FF200m (\$24.7m) and will start next month. Pointing out that some companies in need of equity might be reluctant themselves to approach a nationalised institution for funds (Suez was taken into state ownership, along with other large parts of the banking system in 1982), M Worms underlines that independent prospecting for new ideas will play a vital role

in the success of the venture. "You can't just wait in the office until a business presents itself. We do not intend simply that IDI should provide us with the ideas while Suez comes up with the money."

The first FF200m batch of Suez funds could be invested over one year in batches of anything between FF5m and FF30m per stake. M Worms makes it clear that the funds will be spread out over a longer period if investment opportunities do not at first match up to profitability criteria.

The idea eventually is to float off companies in which Suez holds a stake on to the over-the-counter section of Paris and regional stock

exchanges set up just over a year ago.

Although M Worms points out that before nationalisation the Suez group was on occasion criticised for being over-conservative in its investment policies. He says: "We do not want to invest at any price. That way you make errors."

The new investment fund - which accompanies a string of fiscal changes being prepared by M Jacques Delors, the Finance Minister, to encourage risk capital ventures and initiatives such as management buyouts - would also be prepared to take stakes in larger companies or to help big groups find partners in France or abroad. M Worms admits that his stock-

in-trade will be smaller businesses. Suez at present is looking at two or three companies a week in which to explore taking stakes. Examples include traditional sectors like mechanical engineering and textiles as well as high-technology industries or the agro-food area.

The investment plan with IDI is part of M Peyrelevade's strategy to give Suez a new start and particularly to make clear that the group has not been nationalised simply to provide a financing vehicle for lame duck companies. In one controversial transaction which was completed at the beginning of last year, just before M Peyrelevade (a former close adviser to M Pierre Mauroy, the Prime Minister) became chair-

man, Suez took over for FF250m industrial and property interests from the former Rothschild bank. Also now nationalised, to help it out of financial difficulties.

M Peyrelevade is now pleading with its state shareholder to allow Suez to retain a greater share of its earnings, in order to finance its industrial operations. He is also making clear to the Finance Ministry that the group can play only a limited role in the financial bailout of the troubled Banque Paribas, which it has a 10 per cent stake in. Precisely because Suez needs to keep cash available for profitable industrial investment, rather than propping up shaky banks.

## IRISH INDUSTRY CRISIS

## Why a car factory closure may save a steel plant

BY BRENDAN KERNAN IN DUBLIN

THE FUTURE of Europe's smallest steel industry is hanging in the balance. Irish Steel, which has a single plant in Cork, is waiting anxiously and lobbying keenly to save itself from extinction.

Ironically, recent industrial setbacks in Cork such as the closure of the Dunlop and Ford plants, may save Irish Steel. The Government is thought to be most unlikely to close a nationalised industry in the area, and place another 620 workers in the dock queue.

The rescue will be expensive and difficult. The Irish Government will also have to persuade the European Commission that the company can become profitable and will require no further aid after 1986. If it can do so, the Commission would be prepared to increase Irish Steel's quotas, at a time when its biggest competitors are having their output slashed.

The amount involved is so small - perhaps 250,000 tonnes per annum - that it would have little impact on the overall market.

It will not be easy to convince Brussels that the plant is viable, however. Although sales almost doubled in 1982, the last reported year - losses were almost unchanged at £26m (£16m). With borrowings of almost £190m it is unlikely that last year's results will show much improvement.

The company needs Government aid of £190m to have any chance of survival. This would follow substantial state assistance in previous years, including £225m in 1982 and Government guarantees to cover borrowing of similar amounts. It has been calculated that if the company receives the additional aid, it will have cost £250,000 to save each job in the plant at Haulbowline, beside Cork's splendid harbour.

The company argues that it can increase its sales sufficiently to make the company profitable in the latter half of the decade. Closure would be expensive, with the Government having to cover most of the £26m debt.

The Irish Government is reluctant to get out of the steel industry entirely, and is conscious of the problems of the Cork region.

Closure would also be an admission that the original decision to re-equip the Cork plant in 1978 was mistaken and that the doubts expressed by the EEC Commission at the time were well-founded. At the time, the same arguments about the size of the plant and Irish strategic interests persuaded Brussels to give its approval.

The new plant was to make steel bars from scrap metal using a modern electric arc furnace. Capacity would have doubled to 350,000 tonnes and most of the output was to be exported. Not for the first time in its public life, the published cost projections turned out to be hazy and delays on site meant a final cost of £190m, double the original figure. The plant came on stream with heavy interest charges, and into a market where demand and prices were at an all-time low.

The company has made considerable efforts to increase sales and claims it has exceeded the projections in a report by EEC consultants. Sales last year, even so, the plant is operating at around only 50 per cent of capacity.

Irish Steel faces further problems from the high cost of electricity in Ireland, the need to import most of the scrap metal for its furnace, and stiff competition from Third World countries in the light products which it makes.

In the end, domestic considerations may convince that Cork is worth another £190m. After that, though, it will be up to Irish Steel. Perhaps no Irish Government could ever bring itself to close down its steel industry completely, but if the company cannot survive by its own efforts after 1986, the EEC may take the decision instead.

## Pressures mount on Dutch over missile deployment

BY WALTER ELLIS IN AMSTERDAM

AN EXTRAORDINARY statement this week by the Soviet ambassador to The Hague that, if the Dutch rejected deployment of U.S. cruise missiles, Moscow would guarantee never to launch a nuclear attack on the Netherlands has again highlighted the intense pressures under which the Government is labouring towards a missile decision.

Mr Caspar Weinberger, the U.S. Defence Secretary, arrives today in tell Dutch Ministers that failure to agree on deployment of cruise will mean an end to any hope of reviving the Geneva arms control talks.

Both Washington and Moscow apparently believe that if the Netherlands refuses to honour its commitment to Nato, made in 1979, to accept 48 cruise weapons, the consequences for the Western alliance could be severe. Accordingly, the hapless Dutch cabinet is taking on the role of the nut in a nutcracker.

Mr Ruud Lubbers, the Dutch Premier, has been agonising over cruise ever since he came

to power in November 1982 at the head of a centre-right coalition of Christian Democrats and Liberals. His personal view, regularly expressed, is that, if the Geneva talks are not resumed, the Netherlands has no option but to agree to deployment.

His own Christian Democrat parliamentary party has recently decided that it can accept only a reduced number of missiles - say 36 - although some left-wingers may yet reject even that compromise. The right-wing Liberals are strongly pro-cruise but may, at a pinch, opt to accept a smaller number.

In the country at large, a majority is evidently against, as was indicated by the enormous turnout of more than 500,000 protesters at a demonstration last October. The station has the peace movement, which is active and implacably opposed to the missiles.

## French Government tries to plug leaky system

BY PAUL BETTS IN PARIS

THE FRENCH Government has become so exasperated by the constant trickle of embarrassing leaks on domestic security and police matters that it has taken the unprecedented step of closing down the Press room at the Quai des Orfèvres, the Paris police headquarters.

M Pierre Manory, the Prime Minister, said on radio last night the Government was fed up with leaks and wanted to put a stop to them. He also accused the Paris police of being too indiscreet.

The same evening, M Gaston Defferre, the veteran Socialist Interior Minister and mayor of Marseilles, explained, why M Jacques Gauthier, the head of the famous Brigade Criminelle (the crime squad), had also been shifted from his job.

M Gauthier was a good policeman, he said, but there had been too many leaks and indiscretions in his department.

A number of delicate police "affaires" have found their way in the Press in recent months. However, there does not appear on the whole to have been more police leaks during the present Socialist administration than during previous ones.

The final straw seems to have been the publication by a French weekly magazine of a confidential report from the new Paris prefect of police, M Guy Fougier, warning that his forces were undermanned and that he could not guarantee that the police could fulfil

all their tasks. He was appointed after members of the police unions in Paris protested openly against the Government last June, causing a serious public scandal. They demonstrated outside the Ministry of Justice and near the Elysee Palace in protest at their work conditions and personal security.

The latest leak was particularly embarrassing because personal security in the streets of Paris has become an increasing source of concern for many French citizens. This has been exacerbated by several spectacular armed bank robberies and a number of terrorist shootings. Moreover, questions have been raised about the methods of the French security forces - both the police and the gendarmes are under the wing of the Defence Ministry. A case in point was the arrest and subsequent release of three Irish nationals last year when overzealous French security officers planted weapons and explosives to back up their international terrorism charges.

That affair ended with the dismissal of one of the top members of the Government's squad of super-gendarmes, the GIGN.

FINANCIAL TIMES, USPS No 10669, published daily except Sundays and holidays. U.S. subscription rates \$40.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

## Pay settlements threaten Sweden's economic strategy

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE SWEDISH Government is becoming increasingly concerned that inflationary settlements in the current wage round could seriously jeopardise its economic strategy.

Mr Kjell-Olof Feldt, the Finance Minister, has warned that urgent measures could be needed to tighten economic policy - possibly including the imposition of price controls - if high pay settlements continue to threaten the Government's main economic targets of reducing inflation and cutting unemployment.

Several important sectors of the workforce are still to settle with the employers, but the wage deals agreed last week, including one in the peacekeeping engineering sector, are well above guidelines issued earlier by the Government.

Mr Feldt said it was still too early to draw final conclusions about the impact of the wage round on costs and prices, but if wage settlements seriously undermined Sweden's competitiveness the Government would be forced to act. Measures could include a tightening of

both monetary and fiscal policy aimed at holding back price rises and controlling wage drift.

The Government has set the target of cutting inflation to only 4 per cent by the end of 1984, but it has warned that this aim can only be achieved if wage costs do not rise by more than 6 per cent this year.

The settlement reached in the engineering sector, the highest so far, implies an average increase for 1984 of 5.8 per cent, but wage drift - individual agreements reached at plant level - could push the rise in

total wage costs to at least 9 per cent.

The seriousness which the Government attaches to the latest developments in the labour market was shown by the unsuccessful attempt by Mr Olof Palme, the Prime Minister, to intervene directly in the engineering sector pay talks.

The Government's task in monitoring the pay round has been enormously complicated by the employers' success in breaking down the previously highly centralised pay bargain-

ing system.

The length of agreements reached so far vary from 12 to 27 months, with conditions and guarantees differing from sector to sector. The unions fear that their traditional "solidarity wage policy" is seriously endangered.

"You could visualise a smoothly working decentralised pay bargaining system," said one senior government official yesterday, "but what you now see seems a rather chaotic and unfortunately quite inflationary process."



Mr Kjell-Olof Feldt: urgent measures.

He cried out for a car at InterCity. Only one name was big enough to bring him SUPER SERVICE....



When you get off the train, you can have a Europcar rental car waiting for you at 72 Inter-City stations.

It's part of what we call Super Service.

Super Service means that virtually wherever you want a car, you'll find Europcar can help.

Because Europcar is the biggest car hire company in Britain. (Who else did you think it was?)

We've got nearly three times more offices than anyone else.

Which means about three times more offices where you can pick up a car and three times more offices where you can drop it off.

And one-way rental costs no extra.

You can also arrange for a hire car from

Europcar to be waiting for you at 22 major UK airports.

Say Europcar and you'll also find Super Service at over 2,800 offices worldwide. When you're crying out for a car, we'll get you one.

Wherever you want to reserve a car, simply phone our Central Reservations

number:

01-950 5050.



Godfrey Davis

europcar rent a car

In the US and Latin America, it's National Car Rental.

مكتبة الأمل



## EUROPEAN NEWS

Joint research efforts  
'need more freedom'  
from competition rules

By Paul Cheeseright in Brussels

THE European Commission should be more generous in its plans to exempt EEC companies from the competition rules when they are engaged in joint research and development.

This advice came yesterday from UNICE, the federation of EEC industrialists, which finds "disappointing" a draft regulation published by the Commission designed to foster technological advance.

But the exemption from the competition rules does not apply automatically when the companies involved have a turnover of more than Ecu 500m (£297.5m) nor when more than one of three major companies in a particular sector want to cooperate.

It is these conditions rather than the principle of the exemption that concerns UNICE.

It wants the turnover figure eliminated on the basis that size as such is not indicative of a company's research abilities.

It wants a clearer distinction between research and development on the one hand and production on the other.

It argues that qualifications about competition should apply only when the production phase starts.

Amendments to the regulation embracing these arguments are being urged on the Commission, which is weighing up submissions from UNICE and others. All the submissions favour the principle but generally argue for a greater degree of exemption.

The Commission is using its powers to make exceptions from the general application of Article 85 of the Treaty of Rome. This forbids co-operation between companies which might distort trade.

It will consider the industry submissions and then talk with governments of the Ten about the new regulation in the hope of bringing it into force during the summer.

Spanish  
steel group  
chairman  
dismissed

By David White in Madrid

SR JOSE MARCELA LUCIA, the chairman of Spain's nationalised steel company, was sacked yesterday for failing to take a tough line over planned closures at the Sagunto complex in Valencia.

The board of the state industrial holding company INI said it had dismissed Sr Lucia because he "did not obey concrete and precise instructions with regard to the negotiations taking place" at Sagunto.

The surprise move, believed to have been made on direct orders from Sr Carlos Solchaga, the Industry Minister, reflects the government's determination to restructure the steel industry in order to make it competitive in the EEC.

The immediate cause of the action was Sr Lucia's decision to revoke dismissal notices sent out to 230 workers at Sagunto for "repeated disobedience" in defying the closure of the plant's largest blast furnace.

This closure, which the company has been trying to carry out for a year, is the first step towards dismantling the basic iron and steel-making activities at Sagunto, the country's third largest steel centre.

Sr Lucia withdrew the disciplinary measures after Sagunto workers voted at the weekend to slow down the blast furnaces and suspend its production of pig-iron—a preliminary step towards closure.

The implications of the court judgment are being examined by the Commission, but because the ruling was based on a procedural technicality and not on the legality of subsidies, it is not thought likely to have much impact on aid for the industry this year.

BRITAIN HAS WON VITAL CONCESSIONS ON EEC BUDGET PAYMENTS  
Progress masked by budget storm

By John Wyles in Strasbourg

defended in both London and other capitals as fair and in line with commonly accepted principles in the Community.

Along the way, Britain has quietly pocketed concessions satisfying every one of its detailed objectives. In return, it has given way on only one important point by accepting a system of measuring Britain's net contributions which will understate the actual amount by an average of Ecu 300m (£177m-206m) a year. This will have to be borne in mind in judging the value of any final agreement.

Together the concessions comprise the foundations of a system very close to proposals tabled by Britain last summer. THE ANGER at last week's partners was battling over the 1983. Then, the UK and its amounts by which Britain's payments should be cut for one or two years at a time.

In contrast, the aim since last summer has been to find a semi-permanent system which, once in place, automatically pays the UK's payments at a level which can be politically

allocated spending (13 per cent). This is equivalent to Ecu 1.622bn.

2—Agree by how much this should be cut in the first year of the system. The Nine have offered Ecu 1bn and the UK is demanding Ecu 1.25bn.

3—Express the remaining payment as a percentage of British gross national product. This delivers one coordinate for fixing the payment as a proportion of GNP. The other is the UK's per capita GNP in relation to the average of an expanded Community of 12. In broad terms, Britain's payment would rise in proportion to the increase in its national wealth and the change in its relative wealth in the Community.

Hence, the importance of the starting payment. The higher it is, the more the UK is likely to be paying in the future and the smaller the corresponding extra burden to be carried by other member states.

The Nine are also pressing Britain to accept a small additional payment which has been labelled as the EEC budget

ing rises and give the UK a direct financial interest in containing this expenditure. Additionally, the Nine have conceded that the correction in Britain's payment in any one year should be achieved by lowering the volume of its VAT payments to the Community in the following year. Reductions under previous ad hoc deals have been made by increased EEC spending in the UK.

They have also conceded that the system should last as long as the extra resources allowed by raising the 1 per cent VAT limit on community budget revenue. Britain will not allow this ceiling to be raised without full agreement on the new system.

Given the huge differences between Britain and her partners last summer over how her payments should be reduced and for how long, the negotiating achievement is more impressive than appears at first sight.

The cash figures upon which the system is to be launched are obviously very important, but it would be unfortunate if all this was lost because of a difference of Ecu 250m.

Foreign  
policies  
adopted  
by EEC

By John Wyles in Strasbourg

THE POLITICAL embarrassment caused the EEC by its current domestic row has been further highlighted by the almost further publication of foreign policy declarations which were due to be adopted by last week's summit.

They were not issued then because of the unresolved internal rows over the British budget problem and milk quotas. President Francois Mitterrand of France, the summit chairman, said at the time that the Ten could not tell others what to do when they had so conspicuously failed to put their own house in order.

Nevertheless, the EEC's foreign ministers did approve the texts on Tuesday and allowed their publication to be completely overshadowed by the failure of negotiations on the UK's budget demands.

## Belgian textile aid plea

By our Brussels staff

BELGIUM's textile industry has told the Belgian Government that it must be agreed with the European Commission.

There are fears that a European Court judgment last week will upset the examination of the aid plan. Mr Pierre Janssens, director-general of Febeltext, the industry federation, said yesterday.

This judgment declared that the Commission's approval of the 1983 plan, the first of a five-year programme, was null and void.

Mr Janssens said there could be no question of going back

on the decisions of 1982 and 1983.

The Commission, however, has already told the Belgian Government this year's plan is unacceptable because of the improved conditions of the industry and because it would upset EEC trade.

The implications of the court judgment are being examined by the Commission, but because the ruling was based on a procedural technicality and not on the legality of subsidies, it is not thought likely to have much impact on aid for the industry this year.

Kohl makes call for  
Community vision

By Rupert Cornwell in Bonn

CHANCELLOR Helmut Kohl yesterday called on those Community countries, which genuinely wanted to seek European political union, to be warned of the perils of "political shortsightedness".

The Community was based on political and economic solidarity, and a fair balance of interests. During his speech the Chancellor, who has several times recently promised an initiative from Bonn once the EEC's present difficulties were behind it, repeatedly referred to the broader goal of European union.

on the two latest negotiating failures — first at last week's Brussels summit and by EEC Foreign Ministers on Tuesday — he warned of the perils of "political shortsightedness".

The Community was based on political and economic solidarity, and a fair balance of interests.

During his speech the Chancellor, who has several times recently promised an initiative from Bonn once the EEC's present difficulties were behind it, repeatedly referred to the broader goal of European union.

American Airlines announce  
the M23 extension.

These days there is no faster way to get to anywhere in America's South West.

Proceed any day of the week down the M23 to Gatwick for get the fast train from Victoria.

Get an American Airlines non-stop flight to Dallas/Fort Worth, filter through our quick and efficient customs and immigration and take any of the 35 convenient connections to anywhere in the South West from Los Angeles to Oklahoma.

If you stopover en route in Dallas/Fort Worth you'll find all of America at your disposal via our unique hub system.

Over 270 flights radiate out of Dallas/Fort Worth daily to more than 70 destinations.

It makes flying easier than catching a bus.

Of course, should you start your journey by taking the M4 to Heathrow you may find yourself in a bit of a jam because although many illustrious airlines fly out of Heathrow to the USA, not one of them flies non-stop to Dallas/Fort Worth.

For further information: contact your travel agent or ring American Airlines on 01-629 8817.

American Airlines

Brighton

Garwick  
Acapulco  
Albuquerque  
Atlanta  
Austin  
Corpus Christi  
Dallas/Fort Worth  
Denver  
Harlingen  
Houston  
Las Vegas  
Little Rock  
Los Angeles  
Lubbock  
Memphis  
Mexico City  
Midland/Odessa  
Nashville  
New Orleans  
Oklahoma City  
Orange County  
Phoenix  
Portland  
Reno/Tahoe  
Salt Lake City  
San Antonio  
San Diego  
San Francisco  
Seattle  
Tucson  
Tulsa

9 Please turn over

## Redemption Notice

Hamersley Iron Finance N.V.  
9% Guaranteed Debentures Due 1986Unconditionally Guaranteed as to Principal and Interest by  
HAMERSLEY HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 1, 1971 under which the above-described Debentures are issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has selected for redemption on May 1, 1984, (the "Redemption Date") at the principal amount thereof (the "Redemption Price"), through the operation of the Sinking Fund provided for in the said Indenture, \$1,885,000 principal amount of Debentures of the said issue of the following distinctive numbers:

## COUPON DEBENTURES OF \$1,000,000 PRINCIPAL AMOUNT

1114	2340	2991	3538	5342	6291	6993	11111	12554	13846	17761	18699	19426
145	1241	1245	1658	4230	5343	5597	6082	6862	6864	11121	12555	13849
170	251	260	3607	4261	5345	6294	6861	6871	6996	11125	12557	13851
210	262	309	3658	4262	5346	6295	6862	6872	6997	11126	12558	13852
216	1656	2002	3663	4263	5347	6296	6863	6873	6998	11127	12559	13853
240	240	2609	3664	4264	5348	6297	6864	6874	6999	11128	12560	13854
274	270	2910	3665	4265	5349	6298	6865	6875	7000	11129	12561	13855
286	2371	2912	3666	4266	5350	6299	6866	6876	7001	11130	12562	13856
425	242	261	3667	4267	5351	6300	6867	6877	7002	11131	12563	13857
440	2382	2913	3668	4268	5352	6301	6868	6878	7003	11132	12564	13858
448	2383	2914	3669	4269	5353	6302	6869	6879	7004	11133	12565	13859
456	2384	2915	3670	4270	5354	6303	6870	6880	7005	11134	12566	13860
464	2385	2916	3671	4271	5355	6304	6871	6881	7006	11135	12567	13861
472	2386	2917	3672	4272	5356	6305	6872	6882	7007	11136	12568	13862
480	2387	2918	3673	4273	5357	6306	6873	6883	7008	11137	12569	13863
488	2388	2919	3674	4274	5358	6307	6874	6884	7009	11138	12570	13864
496	2389	2920	3675	4275	5359	6308	6875	6885	7010	11139	12571	13865
504	2390	2921	3676	4276	5360	6309	6876	6886	7011	11140	12572	13866
512	2391	2922	3677	4277	5361	6310	6877	6887	7012	11141	12573	13867
520	2392	2923	3678	4278	5362	6311	6878	6888	7013	11142	12574	13868
528	2393	2924	3679	4279	5363	6312	6879	6889	7014	11143	12575	13869
536	2394	2925	3680	4280	5364	6313	6880	6890	7015	11144	12576	13870
544	2395	2926	3681	4281	5365	6314	6881	6891	7016	11145	12577	13871
552	2396	2927	3682	4282	5366	6315	6882	6892	7017	11146	12578	13872
560	2397	2928	3683	4283	5367	6316	6883	6893	7018	11147	12579	13873
568	2398	2929	3684	4284	5368	6317	6884	6894	7019	11148	12580	13874
576	2399	2930	3685	4285	5369	6318	6885	6895	7020	11149	12581	13875
584	2400	2931	3686	4286	5370	6319	6886	6896	7021	11150	12582	13876
592	2401	2932	3687	4287	5371	6320	6887	6897	7022	11151	12583	13877
600	2402	2933	3688	4288	5372	6321	6888	6898	7023	11152	12584	13878
608	2403	2934	3689	4289	5373	6322	6889	6899	7024	11153	12585	13879
616	2404	2935	3690	4290	5374	6323	6890	6900	7025	11154	12586	13880
624	2405	2936	3691	4291	5375	6324	6891	6901	7026	11155	12587	13881
632	2406	2937	3692	4292	5376	6325	6892	6902	7027	11156	12588	13882
640	2407	2938	3693	4293	5377	6326	6893	6903	7028	11157	12589	13883
648	2408	2939	3694	4294	5378	6327	6894	6904	7029	11158	12590	13884
656	2409	2940	3695	4295	5379	6328	6895	6905	7030	11159	12591	13885
664	2410	2941	3696	4296	5380	6329	6896	6906	7031	11160	12592	13886
672	2411	2942	3697	4297	5381	6330	6897	6907	7032	11161	12593	13887
680	2412	2943	3698	4298	5382	6331	6898	6908	7033	11162	12594	13888
688	2413	2944	3699	4299	5383	6332	6899	6909	7034	11163	12595	13889
696	2414	2945	3700	4300	5384	6333	6900	6910	7035	11164	12596	13890
704	2415	2946	3701	4301	5385	6334	6901	6911	7036	11165	12597	13891
712	2416	2947	3702	4302	5386	6335	6902	6912	7037	11166	12598	13892
720	2417	2948	3703	4303	5387	6336	6903	6913	7038	11167	12599	13893
728	2418	2949	3704	4304	5388	6337	6904	6914	7039	11168	12600	13894
736	2419	2950	3705	4305	5389	6338	6905	6915	7040	11169	12601	13895
744	2420	2951	3706	4306	5390	6339	6906	6916	7041	11170	12602	13896
752	2421	2952	3707	4307	5391	6340	6907	6917	7042	11171	12603	13897
760	2422	2953	3708	4308	5392	6341	6908	6918	7043	11172	12604	13898
768	2423	2954	3709	4309	5393	6342	6909	6919	7044	11173	12605	13899
776	2424	2955	3710	4310	5394	6343	6910	6920	7045	11174	12606	13900
784	2425	2956	3711	4311	5395	6344	6911	6921	7046	11175	12607	13901
792	2426	2957	3712	4312	5396	6345	6912	6922	7047	11176	12608	13902
800	2427	2958	3713	4313	5397	6346	6913	6923	7048	11177	12609	13903
808	2428	2959	3714	4314	5398	6347	6914	6924	7049	11178	12610	13904
816	2429	2960	3715	4315	5399	6348	6915	6925	7050	11179	12611	13905
824	2430	2961	3716	4316	5400	6349	6916	6926	7051	11180	12612	13906
832	2431	2962	3717									

The Debtors specified above are to be redeemed for the said Sinking Fund at the option of the holder (a) at the Receiver and Deliver Warrants of Citibank, N.A., Trustee under the Indenture referred to above, 111 Wall Street—5th floor, New York, New York 10043 or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in New York, New York, or at the main office of Citibank, N.A. in Luxembourg, the Company's Paying Agents. Payment at the offices referred to in (b) above will be made by check drawn on, or transfer to a dollar account maintained by the Holder with, a bank in The City of New York. On the Redemption Date such Debtors shall become due and payable at the Redemption Price and on and after such date, interest on the said Debtors will cease to accrue and the coupons for such interest shall be void.

The Debtors specified above should be presented and surrendered at the offices set forth in the preceding paragraph on the said date together with all interest coupons maturing subsequent to the Redemption Date. Coupons due May 1, 1984 should be detached and presented for payment in the usual manner.



## OVERSEAS NEWS

## Etendard deployment dismays Iraq allies

BY KATHLEEN EVANS IN DUBAI AND RICHARD JOHNS IN LONDON

IRAQ's latest air strikes in the war against Iran, involving what is believed to be the first deployment of its French-supplied Super Etendard aircraft, are causing grave concern among its Arab allies in the Gulf.

The two "large naval targets" which Baghdad Radio said on Monday had been struck south of Kharg Island proved to be a Greek tanker on charter to the Kuwait Petroleum Corporation and a supply vessel servicing a Saudi Arabian off-shore oil field near Kuwait waters at the head

of the Gulf. There were no casualties on the Greek vessel, but oil company officials said that on the Aramco ship one man had been killed, four were missing and seven hurt.

In addition, Iraqi aircraft are understood to have hit a producing platform in Iran's offshore Nowruz field, blasting away four well-heads. It was not immediately clear whether any oil was leaking, but fears of a major spillage of the kind which occurred as a result of damage to the same installa-

tions in 1982 have been raised. The 41,329-ton Greek vessel Filikon L, owned by Elfellowship and registered at Piraeus, is carrying a cargo of Kuwaiti fuel oil. It was reported yesterday to have been hit 70 miles south of Kharg, on the seaboard side 2 ft above the water line. The missile did not explode and the damage was only slight. Kuwaiti officials said the vessel was proceeding to Dubai for repairs.

The ship working for Aramco was struck nearly 100 miles west on the other side of

the Gulf. Apart from the acute political embarrassment caused to the two states which have funded Iraq's war against Iran over the past three years, the attacks have shown the gross lack of competence on the part of the Iraqi Air Forces. Both vessels were well outside the war zone declared by Iraq.

In its news bulletin on Monday night Baghdad Radio spoke for the first time of the use of the Super Etendards delivered by France last autumn and believed to have been operational since January. Five in number,

they are the only delivery system possessed by Iraq which is capable of hitting oil tankers in the vicinity of Kharg Island.

Shipping agents in the Gulf are extremely worried by the implications of Iraq's latest attack. "We can only hope that it does not escalate," said one official in Kuwait. The Gulf ports are already experiencing a downturn in tonnage because of the region's recession, but now some shipping lines, such as American President Lines, are making arrangements to call at ports outside the Gulf.

## China plans investment zone scheme

By Mark Baker in Peking

THE PORT city of Dalian in north-east China will become one of a series of new foreign investment zones to be opened by the Chinese Government.

A senior Government official said yesterday that Dalian would be one of a number of coastal cities to gain the status of special economic zone.

China now has four such zones, which can offer special concessions, including tax holidays, for foreign companies that enter joint ventures or make sole investments. The biggest is Shenzhen, which borders on Hong Kong.

The Government official also said that China would ensure that investors were able to make profits and be re-invested that China was acting to clear up weaknesses in legislation covering foreign investment.

The Chinese leader, Deng Xiaoping, told the Japanese Prime Minister, Mr Nakasone, on Sunday that China would open more such zones.

The Government official said the success of existing zones had proved the correctness of China's policies of opening to the west.

"We will also build special zones in coastal cities where we will carry out economic and technical co-operation in the form of joint ventures and so on."

## Japanese reject U.S. pressure to liberalise financial system

BY JUREK MARTIN IN TOKYO

MR HARUO MAEKAWA, the governor of the Bank of Japan, yesterday insisted that liberalisation of the Japanese financial system should be brought about by internally generated initiatives not external pressure.

His comments significantly reflect a tide of resentment in Japan's economic and financial bureaucracy over the violent attack on alleged Japanese

recalcitrance delivered here over the weekend by Mr Donald Regan, the U.S. Treasury Secretary.

Earlier this week another senior official of the central bank said that though Mr Regan's intemperance might be a negotiating tactic, "a certain patience might be required when you speak with other countries."

The Finance Ministry has also complained to U.S. correspondents in Tokyo about the U.S. approach and even to ridicule Mr Regan's knowledge of the Japanese financial system.

If the bureaucracy is sufficiently incensed to dig in its heels, it may make it more difficult for Prime Minister Yasuhiro Nakasone, to do what he has promised to do, namely to take up the U.S. challenge and impose a political decision on the liberalisation of the system.

On Tuesday, Mr Nakasone ordered the chief Japanese negotiator, Mr Tomomichi Ota,

## Canberra paves way for shift in uranium policy

BY COLIN CHAPMAN IN SYDNEY

THE AUSTRALIAN Government has paved the way for a major shift in Labor Party policy to permit the export of the country's uranium industry.

It yesterday selectively leaked copies of a policy document, which rejects the present official commitment to phase out Australia's involvement in the uranium industry. It advocates instead development, provided the Government is satisfied importing countries will maintain conditions of non-proliferation.

The move is another example of Prime Minister Bob Hawke's pragmatism and willingness to lead his Government into direct conflict with established party policy. He has already persuaded his Parliamentary colleagues to permit the development of British Petroleum's and Western Mining's ASIBu (5845m) Roxby Downs uranium project in South Australia, but other new developments have been barred.

But under the leaked proposals drawn up by Senator Peter Walsh, the Minister for Resources, as a recommendation to the Labor Party conference in July, the Government recommends lifting this ban in favour of a policy which would allow the export of uranium.

One of the conditions under which this would be permitted would be for supplies of the export of uranium to be withheld from countries not observing security conditions and non-proliferation safeguards.

The proposed new policy would refuse to allow the supply of uranium to France until that country ceases testing nuclear weapons in the South Pacific.

By making the document available, the Government is effectively trying to pre-empt a confrontation at the July conference.

The three major mines in Broken Hill, New South Wales, were closed down last night after 2,500 miners who have been operating a go-slow for eight days.

The leading employers, North Broken Hill and CRA, said it was no longer economic to operate the mines when the unions continued to press wage claims and when there was a recession in the base metals market.

The mining companies want to cut the workforce in a bid to reduce costs, and are concerned about the large stocks of ore at the mines. Last night the unions accused the employers of organising a lock-out, and the issue is set for a long and bitter dispute.

## Ghana devalues currency and lifts minimum wage

BY PETER BLACKBURN IN ACCRA

GHANA has devalued its currency by a further 14.3 per cent in the 1984 budget announced yesterday by Dr Kwesi Botchway, the Finance and Planning Secretary.

The cedi has been devalued from C30 to C35 to the U.S. dollar in a further effort to close the gap between the official and black market exchange rates, estimated at four-to-one.

Last October the Government devalued the cedi by 90 per cent as part of a draconian International Monetary Fund World Bank austerity programme aimed at rescuing the country from economic collapse.

The latest devaluation diminished the benefit of a 60 per cent rise in the basic daily minimum wage to C40 (US\$1.10), announced in the budget, despite extra tax relief for low-paid workers. It also falls far short of trade union demands for a twofold increase in the minimum wage to

C80, said to be barely sufficient to feed a worker.

The wage increase will cost the government an extra C8.2bn a year and is considered to be the maximum possible within the framework of the IMF/World Bank economic recovery programme.

It swells the budget deficit to C15.8bn, with expenditure put at C38.5bn and revenue C22.6bn.

Cocoa, timber and gold export earnings are expected to rise this year, Dr Botchway said. The cocoa pricing committee would meet soon to consider new producer prices in relation to world market price trends.

Prices of imported rice, maize and sugar would remain unchanged. Food imports will cost \$77.8m out of total commodity imports of \$841.2m. Food subsidies for the country's three universities, due to be reopened shortly, as well as other educational establishments are being increased.

## Zimbabwe announces monetary policy switch

BY TONY HAWKINS IN HARARE

ZIMBABWE yesterday introduced new monetary policy measures designed to mop up excess liquidity in the banking system created by the tightening up of exchange controls announced on Tuesday.

In a statement, the Reserve Bank of Zimbabwe said the liquidity ratios of commercial and merchant banks would be raised from 30 to 35 per cent from May 1, while the Central Bank itself would issue a new type of non-discountable and non-transferable bill (Reserve Bank of Zimbabwe bills) to absorb any excess market liquidity.

Interest rates paid by the Post Office Savings Bank for

both fixed and savings deposits have been increased, which is likely to result in a transfer of funds from the commercial banks and the building societies to the Post Office. To adjust for this, the liquidity ratio for building societies has been reduced from 20 per cent to 15 per cent, while finance houses are to be allowed to vary their deposit rates for deposits with a greater maturity than 18 months.

The Central Bank says the new measures should minimise the impact on the money supply and inflation of both the increased budget deficit announced last month and the tightening up of exchange controls.

## Sikh moderate shot in New Delhi

BY JOHN ELLIOTT IN NEW DELHI

VIOLENCE between Sikhs spread yesterday to New Delhi when a leading moderate was seriously wounded by three unidentified Sikh youths, who sprayed his car with bullets.

The injured man was Mr Harban Singh Manchanda, president of the management committee of the main Sikh temple in New Delhi. The attack provided the latest example of the battle within the Sikh community between moderates who want a peaceful settlement for their claims and the extremists who want to increase the violence.

Responsibility for the attack was claimed last night by a militant organisation, the Dash-

mesh Regiment. It said Mr Manchanda had been shot because he had welcomed the banning last week by the Government of the All India Sikh Students Federation and because he had asked the militant Sikh leader, Sant Jarnail Singh Bhindranwale to vacate his sanctuary in the Golden Temple in Amritsar.

The fresh outbreaks of violence were a blow for the Government, which believed that tough security measures introduced during the past months were undermining the Sikh extremists.

Yesterday the Punjab state government responded by ordering new security measures.

● In Sri Lanka, seven Tamil

terrorists and civilians were killed and others wounded in the north of the island by members of the country's air force. A Government announcement said air force personnel returning from depositing money at a bank were shot at by a group of terrorists, and returned the fire.

There is growing concern among Indian Government ministers in New Delhi that there may be more general outbreaks of violence on the island because of slow progress being made with an initiative to solve the sectarian differences between the Tamil and Sri Lanka's majority group, the Sinhalese.

## Mrs Marcos not standing in parliamentary election

BY ABBY TAN AND EMILIA TAGAZA IN MANILA

AS CAMPAIGNING for the Philippines' parliamentary elections began in earnest yesterday, President Ferdinand Marcos predicted an "overwhelming victory" for the ruling New Society Party.

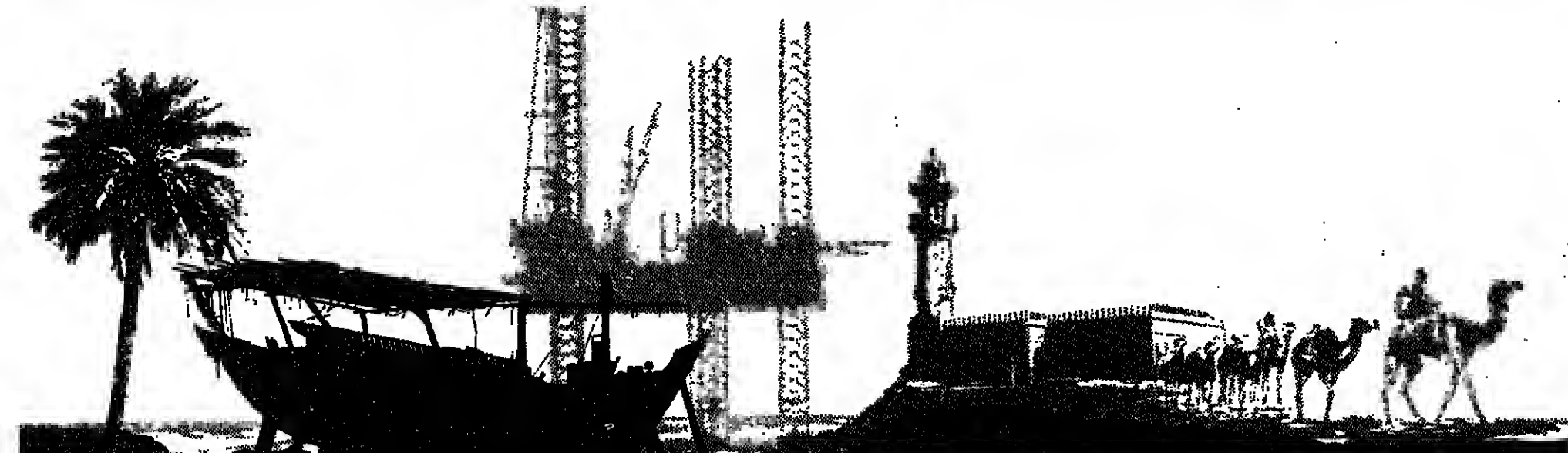
Meanwhile, his powerful and controversial wife, Imelda, sat down with the 21 candidates for the most important constituency, Metro Manila, of which she is Governor, to map out their strategy.

Mrs Marcos has ruled herself out of the running. At a party rally on Tuesday, she put an end

to speculation on her plans by declaring that she was not a candidate. This apparently was in line with the wishes of her husband.

The local and foreign business community and the Philippines' bank creditors regard Mrs Marcos as something of a liability for the country's image.

Her exclusion from the election, however, by no means diminishes her political role. She remains Governor of Metro Manila and Minister of Human Settlements, and has said she wants to take over as secretary-general of the ruling party.



# Fly the Golden Falcon - Twice daily to the Gulf.

Gulf Air's Golden Falcon TriStars fly twice daily to the Gulf. Fly one and you'll enjoy the warmest possible welcome, complimentary refreshments and entertainments, choice of International and Middle Eastern cuisine: honoured by La Chaine des Rôtisseurs.

\*Voted best airline to the Middle East second year running. There's no better businessman's choice to the Gulf.

For more information call your travel agent or Gulf Air, 73 Piccadilly, London W1V 9HE. Telephone: 01-409 1951; Birmingham 021-632 5931; Manchester 061-832 9677/8; Glasgow 041-248 6381 or Key Prestel 223913.

\*Executive Travel Magazine October 1983.

طيران الخليج  
**GULF AIR**

مكة امه الاصل



## Mondale ahead in the battle for New York

By REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE SEE-SAW struggle for the Democratic presidential nomination shifted yesterday to the major battleground of New York, where a new poll gave former Vice-President Walter Mondale a clear 10 per cent lead over his main rival, Senator Gary Hart.

The Hart campaign was optimistic, however, that the Colorado Senator's landslide victory in Tuesday's primary in neighbouring New Jersey would generate enough new momentum to change the picture in the six days left before the New York vote.

Mr Hart, however, a state he had cultivated intensively, with 53 per cent of the final vote, against only 29 per cent for Mr Mondale, who had largely written it off. The Rev Jesse Jackson, a gain scored heavily with black voters, but captured only 12 per cent of the total.

Mr Hart's victory gave him a clean sweep of the six states of New England, where he began his dramatic explosion on to the national political scene just one month ago. With the Connecticut results included, Mr Mondale had accumulated a total of 696 of the 1,687 convention delegates needed for nomination, against 428 for Mr Hart and 88 for Mr Jackson, with 305 uncommitted, according to unofficial figures.

Mr Hart attributed his win, his first in a primary for two weeks, to voter concern about Mr Mondale's foreign policies and his rival's use of "negative campaigning" and "negative politics."

## Half of Salvadoran guerrilla weapons seized from army

By OUR U.S. EDITOR

THE REAGAN Administration has admitted that the left-wing guerrillas in El Salvador are seizing as much as half their weapons from Government forces, which are in turn supplied by the U.S.

Confirmation of this previously denied figure, much higher than previous estimates, came from Mr Fred Ikle, Under-Secretary of Defence for Policy, at a Congressional hearing on Tuesday. He said that it represented about the amount that the guerrillas have been able to take away, capture or acquire by other means from the Salvadoran forces.

Mr Ikle added that only about 20 per cent of the guerrillas' ammunition and explosives was captured from the Government, while 80 per cent came from Cuba and the Soviet Union via Nicaragua.

Mr Ikle's figures will undoubtedly be used by opponents of further U.S. military aid to El Salvador, who have argued that U.S. weapons are effectively arming both sides. While there have also been reports of Government soldiers actually selling their weapons to the guerrillas, Mr Langhorne Motley, Assistant Secretary of State for Inter-American Affairs, said the hearing that this was a "canard."

Mr Ikle turned the critics' argument on its head. The loss of weapons was one more reason to give the Government more aid so that its soldiers could better defend themselves.

## IDB disagrees on how to combat debt crisis

By ANDREW WHITLEY IN PUNTA DEL ESTE

THE THREE-DAY conference of the Inter-American Development Bank (IDB) wound up here yesterday, amid clearly defined disagreements among its member-countries over the role it should be playing to combat the economic crisis gripping Latin America and the Caribbean.

The disagreements pit the U.S., by far the largest shareholder in the bank, and several West European countries against a solid bloc of regional members led by the three largest economies Brazil, Mexico and Argentina.

At issue is the extent to which the IDB, functioning as a regional development agency for nearly 25 years, should respond to the immediate, often acute, needs of the region with so-called "flexible" lending programmes.

The three leading Latin American countries also called for a special increase in the bank's capital, above the resources agreed last year, to meet their own particular needs. This call, and the other appeals by finance ministers and central bank governors from throughout the region for more changes in the IDB's lending procedures, were firmly rebuffed by Mr Tim McNamara, the U.S. Deputy Treasury Secretary.

Mr Alfonso Celso Pastore, the president of Brazil's Central Bank, told Mr William Rhodes of Citibank and the chairman of the country's bank advisory committee, that Brazil is now current in its interest payments to creditor banks, writes Renter from New York.

Mr Pastore met privately with Mr Rhodes during the Inter-American Development Bank conference in Punta Del Este.

The third \$1bn payment of the \$6.5bn new commercial bank loan was disbursed last Friday helping Brazil to pay its interest arrears.

"We should guard against the well intended temptation to treat the IDB as a balance of payments financing organisation," he said.

A majority of Latin American countries have adopted economic stabilisation programmes and turned to the IMF for help over the past year. But differences which were publicly aired at this conference exist between those patients like Brazil which are accepting the medicine without complaint and those, notably Argentina, whom are refusing to accept the traditional cures prescribed by the IMF.

## Second plan for nuclear conversion

By Terry Dodsworth in New York

A SECOND proposal within three months to convert a planned U.S. nuclear power facility to coal burning has been tabled by Wabash Valley Power Association, the junior partner in the abandoned Marble Hill nuclear project in Indiana.

Wabash Valley's announcement follows the decision by two electricity utilities in Ohio to try to convert the 97 per cent complete Zimmer facility to coal after the expenditure of \$1.6bn. Cincinnati Gas and Electric and Dayton Power and Light, the two companies involved at Zimmer, said that they had been forced into this action by the heavy cost of making the plant acceptable to the Nuclear Regulatory Commission, which could have run as high as an additional \$1.5bn.

At Marble Hill, the Wabash Valley proposal would involve the acquisition of the 83 per cent stake in the operation owned by Public Service of Indiana. It is aiming to acquire this holding at a nominal price.

In a separate development, the problems of meeting regulatory approval, one of the reasons for the huge cost overruns on the present generation of nuclear-fired stations, is being demonstrated by delays in the start-up of the Diablo Canyon plant.

AT LEAST four people were killed, dozens injured and 358 were arrested on Tuesday during Chile's first national day of protest this year against General Augusto Pinochet's military regime. The curfew was extended for a third night in the capital and in the coastal province of San Antonio, and Opposition leaders declared the protest "a resounding success."

In one sense, Tuesday's protest was a dress rehearsal for the national strike which the trade unions hope to organise later this year. The authorities estimated that school attendance was down to 47 per cent in Santiago, the capital, as Chileans heeded the protest organisers' request to keep their children at home.

Traffic was reduced by up to a third and bus drivers kept their vehicles off the roads. Those who braved the barricades erected on the poorer neighbourhoods on the outskirts of the capital were pelted with stones or had their tyres punctured by broken glass and nails strewn in the streets.

Chilean truckers had suspended earlier plans for a 24 hour strike to precede the day of protest but joined bus and taxi drivers and several professional associations in expressing support for the protest. Shopkeepers began closing their doors shortly after university students held mid-day demonstrations in the central business districts.

Chile's paramilitary police, the carabineros, were not in greater than normal force, patrolling the streets after curfew and positioning themselves in the centre of the capital during the day to control street demonstrations.

## Four die, hundreds arrested in latest anti-Pinochet protest

By MARY HELEN SPOONER IN SANTIAGO

But there was no sign of the troops, which Gen Pinochet despatched in their thousands on last August's day of protest, when a dusk-to-dawn curfew was imposed and 24 Chileans were killed.

The authorities appeared to be showing a firm but restrained hand, arresting hundreds of curfew violators, but releasing most of them several hours later. But the deaths heightened tension further. A university student in the southern industrial city of Concepcion was shot by police during a demonstration and the resulting outrage prompted authorities to declare a curfew to be called there as well.

Two other people, including a 12-year-old boy, were shot dead during clashes with police in low-income neighbourhoods of Santiago, where the days of national protest have previously turned violent. A fourth victim was killed by gunmen firing from a passing vehicle when demonstrators in the coastal town of Vina del Mar attempted to block traffic.

On Sunday, Santiago's archbishop Monsignor Francisco Fresno issued an urgent plea to both the Government and its opponents to resolve their

differences peacefully, a plea which received favourable comment from officials and opposition leaders.

The church may well sponsor another round of peace talks between Sr Sergio Jarpa, the Interior Minister, and members of the Democratic Alliance, a multi-partisan opposition group.

The resumption of the protest movement by a broad sector of Chilean society confirms that more than nine months of desultory negotiations, largely conducted by Sr Jarpa, have failed to placate opposition to Gen Pinochet, who appears more than ever determined to stay on in office and abide by the terms of the controversial plebiscite held in 1980. The plebiscite granted Gen Pinochet office until 1989 with the option to remain in the presidency for a further eight years.

The opposition not only wants Gen Pinochet to step down before 1989 but also to move quickly to allow free elections. From the way he has behaved since the end of last year, it appears that Chile's leader has more than recovered his composure and believes that firm rule, rather than concessions will serve Chile best.



Pursuing this line, Gen Pinochet continues to be aided by the lack of genuine cohesion among the opposition. The opposition groups consist of the Democratic Alliance, which includes representatives from the moderate wing of the late President Salvador Allende's Socialist Party, and also many right moderates on the one hand. On the other are the more radical sectors grouped within the Democratic Popular Movement (MDP), some of whom have links, albeit indirect, with the revolutionary Left - believed to be behind the latest wave of terrorist actions.

These have shown a sharp increase in the past two months and are likely to confirm Gen Pinochet's worst suspicions about the intentions of some opposition figures.

Equally, however, Gen Pinochet has been able to see from Tuesday's day of protest

that the Left's aim of organising a general strike was not fulfilled. This will eventually be the crucial test of both the strength and unity of the opposition. The powerful copper workers' union has held back from backing a strike, and many centre and moderate opposition figures fear that the Chilean Communist Party will seek to use a general strike for its own ends.

Sr Jarpa himself has been seeking to establish a bridge with the Democratic Alliance and use them as a moderating force for controlled change. But the Alliance has become increasingly frustrated by the lack of progress and the apparent reversal of Gen Pinochet's brief to Sr Jarpa to establish a guided transition period towards an eventual democracy.

Diplomats in Santiago have begun to talk of strong differences among Gen Pinochet's ministers over tactics to be pursued. In particular, Sr Jarpa is reportedly arguing for a more expansionary and populist economic policy to offset Gen Pinochet's tough line in refusing real concessions for a liberalisation of political life.

Sr Carlos Carerres, the Economic Minister, is insisting, however, on continued tight adherence to the International Monetary Fund agreements that promise only a limited respite for the country's high unemployment.

The protest movement, having been judged by its organisers as a success this week, can now only lead to further confrontation and probably greater internal divisions within the regime itself.

# It doesn't take much energy to run a profitable business.

Investment in new supplies has made natural gas more readily available. And British Gas' investment in research and development has given rise to a series of remarkable new breakthroughs in fuel efficiency - providing dramatic increases in profits for our customers.

Take one example, new Gas Rapid Heating systems. By designing furnaces to suit the component, fuel consumption can be reduced by more than 50% (one company quoted a saving of 66%).

British Gas is committed to a positive approach to energy - providing new and better ways of using gas and the opportunity for increased profits in industry.

**Gas**

You can bank on it.

If you think gas could save you a little energy simply contact the Industrial Sales Manager at your Gas region.



## WORLD TRADE NEWS

# James Buxton, recently in Milan, explains why a successful industry wants state aid

## Italian machine tool makers fight to keep lead

"THE WEST Germans made the mistake of resting on their laurels and got left behind. We mustn't do the same thing." The speaker was an official of Italy's vigorous machine tool manufacturers association, Ucima. He was explaining why Italian manufacturers are asking for state assistance on an unprecedented scale, some £600bn (£250m) over five years.

The request, it is granted, should lead to even stronger Italian competition in export markets, and which could easily run foul of the European Community's competition policy. But it has found a sympathetic if cautious listener in the form of Italy's lively Minister of Industry, Sig Renato Altissimo who came to office last year in the Government of Sig Bettino Craxi.

The analogy with the West German machine tool industry is revealing. In the 1970s, according to Ucima, West German machine tool makers were so proud of their sophisticated but traditional engineering that they failed to appreciate the full significance of the new numerically controlled machine tools. Italian manufacturers enthusiastically embraced the new technology,

many and coming within striking distance of Japan and the U.S., the sector leaders.

They also made big advances in factory automation. Italy now has several companies which combine machine tool and electronic control expertise, which are the essential components of the type of machine tool known as "flexible manufacturing systems." Here, an assortment of machine tools can be programmed to do a variety of different tasks, making for sharp increases in productivity. The industry leader is probably Comau, the Fiat subsidiary whose showcase is the automated Fiat car plant near Turin.

So why is the Italian machine tool industry, the fifth largest in the world and the fourth biggest exporter, after Japan, West Germany and the U.S., so worried?

Mainly because it realises that it has still gone only a small way towards the full-scale factory automation of the near future, and is not sure that it will be able to keep it up. Government aid to the industry has until recently been minimal. Until now, the industry's strength has been that it con-

Italy's successful machine tool industry, which consists largely of small companies, says it needs Government assistance if it is to keep pace with technological change.

sists largely of small companies — about 400 companies employing an average of only 90 people each. But this could become a weakness when large investment and the ability to handle big automation projects is needed.

According to Professor Gian-Maria Grof-Piotra, of Turin University, flexible manufacturing systems account for only about 30 per cent of the output of the Italian industry. The rest still consists of traditional machines which operate in, however, overtaking West German isolation and perform a limited

function. But in five to seven years the proportion will be reversed.

This week, as robots nodded and buzzed their way through demonstration tasks at the industrial automation and robot exhibition at the Milan Fair, Ucima's chairman, Sig Bruno Rambaudi, put the manufacturers' requests to Sig Altissimo at an open meeting.

He said Ucima wanted loans at not more than 40 per cent of the standard rate of interest to enable machine tool manufacturers to adapt their technology. It also wanted the funds to be dispersed in such a way as to encourage smaller companies to collaborate with each other through umbrella holding companies.

Italian machine tool manufacturers have long looked with envy at other country's schemes for encouraging manufacturing industry to invest in new machine tools, particularly quoting schemes run by the British Department of Industry. Last year Sig Altissimo agreed to a temporary measure providing £100bn to boost demand from industry for machine tools. But this expires at the end of June and now the machine tool

makers are asking for money for themselves.

Sig Altissimo is basically sympathetic to the idea of helping the machine tool industry. He is fed up with the way in which the Government allocates money for often undeserving industries using almost unworkable procedures, attracting obstruction from the EEC at the same time. His natural inclination is to go for smaller, more effective intervention, specifically aimed at bringing in new technology.

He told Ucima that he thought the machine tool industry could be more easily aided by means of tax relief such as negative value added tax and investment allowances, than with a special measure giving direct financial aid. The latter, he said, could produce problems in Brussels, which prefers Governments to back research and development rather than direct investment.

But he promised to check the Commission's reaction and give a firm answer by the end of June. The Italian machine tool makers feel confident that they will get something — provided the Craxi Government and Sig Altissimo stay in office long enough.

## Singapore exports to U.S. rise 118%

By Chris Sherwell in Singapore

SINGAPORE'S exports to the U.S. rose to \$591.3m (\$651m) in January, an increase of 118 per cent against the same month last year, with the bulk of sales in sophisticated electronics.

The figures, from Singapore's Statistics Department, illustrate how the U.S. economic recovery is pulling the island's economy back on to a high growth path and reinforcing the U.S.'s position as Singapore's largest foreign investor and trading partner.

Gross domestic product in Singapore rose at an annual rate of more than 10 per cent in real terms in the last quarter of last year, pushing overall growth for the year to 7.9 per cent, far higher than expected even a few months earlier.

The manufacturing sector showed 14 per cent growth in the last quarter, with the impetus coming mainly from the electrical and electronics sector.

Most of the major U.S. electronics companies have manufacturing subsidiaries in Singapore, taking advantage of the country's skilled labour and attractive investment incentives. The factories produce disk drives, computer keyboards and printers, circuit boards and integrated circuits and various other components.

Also prominent among Singapore's exports to the U.S. are high-fashion clothes. Between January 1983 and January this year, the value of total Singapore exports soared 33 per cent to \$4.6bn. In 1983, non-oil domestic exports alone rose 17 per cent.

## Olivetti given AT & T computer distribution rights for Europe

By James Buxton in Rome

OLIVETTI, the Italian data processing equipment maker, has been granted exclusive European distribution rights for American Telephone and Telegraph's new 3B range of minicomputers.

AT & T, the U.S. telecommunications giant, recently took a 25 per cent stake in Olivetti. The 3B range, which was launched in New York on Tuesday, will extend Olivetti's range of products in distributed data processing. Olivetti is due to unveil a new line of minicomputers in London today.

The agreement giving Olivetti European distribution rights for the 3B range follows February's agreement, under which Olivetti agreed to sell AT & T data processing products worth about \$700m over the 1984-86 three-year period.

For AT & T the 3B range marks its entry into the general Olivetti agreed to sell AT & T data processing products worth about \$700m over the 1984-86 three-year period.

In a separate development, Cofage, the leading Italian construction company, has won two contracts totalling £135bn (£27m) to build hydro electric plants in eastern and central Africa.

The first, worth about £100bn, is for a hydroelectric plant at Mtera in Tanzania, which is to be financed by the World Bank and the Italian Government.

The other is for a £250m plant on the River Ruzizi, between Zaïre and Ruanda. Financing for this plant is also guaranteed by the World Bank.

● Hawker Siddeley Power Engineering of the UK has been awarded a £7.2m contract by the Tanzanian Electrical Supply Company to design, supply, deliver to site, erect and commission a 5.5 Mw diesel power station in southern Tanzania, our Foreign Staff writes.

The project, to be completed next year, will incorporate civil engineering works and three substations to be situated at Masasi and the outlying villages of Newala and Nachingwea.

The contract also includes the supply of materials for overhead transmission lines, which will carry the power to Newala and Nachingwea, and the supply of construction vehicles and communications equipment.

● Revlon of the U.S. has concluded an agreement with Behringwerke, a subsidiary of Hoechst, to market 10 Behringwerke's "plasma" derivative products in the U.S. The agreement also provides for the "Armour" Pharmaceutical Company, a Revlon subsidiary, to market 10 Behringwerke's "plasma" derivative products in the U.S.

The agreement also provides for the "Armour" Pharmaceutical Company, a Revlon subsidiary, to market 10 Behringwerke's "plasma" derivative products in the U.S.

Armour is among the leading companies in the U.S. in the production of blood coagulation products which are used by Hemophiliacs.

## Libya uses oil to pay off Turkish construction debts

By David Sanchard in Ankara

TURKEY IS to accept up to 2.5m tonnes of crude oil from Libya in lieu of \$700m (\$500m) owed to Turkish contractors working there, officials in Ankara said yesterday.

The deal was arranged during the visit to Ankara of Mr Abou Zaid, Deputy Prime Minister of the Libyan Arab Republic, who is working in Libya, said yesterday he and other contractors were able to live with the payments delays.

However, the arrears are known to have played some part in the collapse last year of the giant Kozani-Caragahoglu construction group.

● The Turkish Ministry of Finance, Ankara, has signed a \$30m syndicated loan with a group of banks, including Citibank, the Kuwaiti Foreign Trade Corporation and Investment Corporation.

## Egyptian credits approved

WASHINGTON — The U.S. Export-Import bank approved two loans totalling \$147m (\$109m) to an Egyptian airline for the purchase of three Boeing jets.

The 767-200 airliners and related equipment costing \$173m will include jet engines manufactured by Pratt and Whitney, the Eximbank said.

The purchaser is the state-owned Egyptian Airlines. The Eximbank said it will provide one loan of \$108.1m at 12 per cent annual interest and a second credit of \$38.9m at 12.5 per cent a year. Repayments will be in 20 semi-annual instalments, starting in February next year.

Boeing's main competitor for the deal was the France-based Airbus Industrie, the Euro Export-Import bank which was seeking to persuade Egyptair to buy its wide-bodied airliners.

● The International Finance Corporation (IFC), a division of the World Bank, has extended a \$21m loan to Argentina to help finance a \$102m polystyrene resin plant in Mendoza province.

Argentine investors, together with IFC, are to provide \$40m in equity, while \$30m will be provided in export credits. The plant will be fuelled by chemical feedstock produced by the nearby Luján de Cuyo refinery, which will increase annual production of propylene feedstock from 22,000 to 55,000 tonnes.

**FORD CREDIT CANADA LIMITED**  
U.S. \$50,000,000  
Guaranteed Floating Rate Notes due 1988  
— Private Placement —

In accordance with the provisions of the Notes, notice is hereby given that for the six months period from March 21, 1984 to September 21, 1984 the Notes will carry an interest rate of 11 1/4% per annum with a coupon amount of U.S. \$1,421.53.

Frankfurt/Main, March 1984  
**COMMERZBANK**  
AGTIENGESELLSCHAFT

## NOTICE OF REDEMPTION

To the Holders of

### GULF OIL FINANCE N.V.

14 1/4% Three-Year Extendible Guaranteed Notes  
Due April 1, 1994

NOTICE IS HEREBY GIVEN to the holders of the outstanding 14 1/4% Three-Year Extendible Guaranteed Notes Due April 1, 1994 of Gulf Oil Finance N.V. (the "Notes") and of the unsecured coupons appertaining thereto, to the provisions of the Fiscal Agency Agreement dated as of April 2, 1982, among Gulf Oil Finance N.V., Gulf Oil Corporation and Morgan Guaranty Trust Company of New York and of Paragraph 6 of the Notes, Gulf Oil Finance N.V. elects to redeem on May 15, 1984 all of the outstanding Notes, at a redemption price equal to 100% of the principal amount thereof plus accrued interest, to said date in the amount of \$17.42 for each \$1,000 principal amount.

Payment will be made on May 15, 1984 upon presentation and surrender of the Notes, together with all unsecured coupons appertaining thereto, at the main office of any of the following: Morgan Guaranty Trust Company of New York in New York, Bankhaus Paribas in Frankfurt am Main, London and Paris; Banque Internationale à Luxembourg S.A. in Luxembourg; Morgan Bank Nederland N.V. (formerly Bank Morgan Labouchere N.V.) in Amsterdam; and Union Bank of Switzerland in Zurich.

On and after May 15, 1984, the Notes will no longer be outstanding and interest thereon shall cease to accrue.

GULF OIL FINANCE N.V.  
By: Morgan Guaranty Trust Company  
of New York, as Fiscal Agent

Dated: March 29, 1984



**Deutsche Bank**  
Aktiengesellschaft

(Incorporated in the Federal Republic of Germany with limited liability)

We are convening our Ordinary General Meeting this year on Wednesday, May 16, 1984, 10.00 a.m. in the Grosser Saal of the Alte Oper Frankfurt, Opernplatz, Frankfurt am Main.

### Agenda

1. Presentation of the established Statement of Accounts and the Reports of the Board of Managing Directors and the Supervisory Board for the 1983 financial year  
Presentation of the Consolidated Statement of Accounts and the Report of the Group for the 1983 financial year
2. Resolution on the appropriation of profits  
The Board of Managing Directors and the Supervisory Board propose that the distributable profit of DM 325,472,136 be used to distribute a dividend of DM 12 per share of DM 50 par value.
3. Ratification of the acts of management of the Board of Managing Directors for the 1983 financial year  
The Board of Managing Directors and the Supervisory Board propose that the acts of management be ratified.
4. Ratification of the acts of management of the Supervisory Board for the 1983 financial year  
The Board of Managing Directors and the Supervisory Board propose that the acts of management be ratified.
5. Election of the auditor for the 1984 financial year  
The Supervisory Board proposes that *Treuverkehr AG Wirtschaftsprüfungsgesellschaft*, Frankfurt am Main, be appointed auditor for the 1984 financial year.
6. Election to the Supervisory Board  
The Supervisory Board proposes that in place of Dr. Karl Klasen who retires from the Supervisory Board as from the end of the General Meeting on May 16, 1984, having reached the age limit,  
Dr. Hellmut Kruse, Hamburg,  
Chairman of the Executive Board of Beiersdorf AG,  
be elected to the Supervisory Board for the remainder of the term of office.  
The Supervisory Board also proposes that  
a) Dr. Hans Dieter Mosthaf, Stuttgart,  
Manager of Robert Bosch GmbH,  
b) Dr. Hans Fritsch, Duesseldorf,  
General Manager of Mannesmann AG  
who are already substitute members of the Supervisory Board also be elected substitute members for Dr. Kruse in that order.

According to § 96 (1), 101 (1) of the Joint Stock Corporation Act and § 7 (1) sentence 1 No. 3 of the Employee Co-determination Act of May 4, 1976, the Supervisory Board consists of ten members representing the shareholders and ten members representing the employees. In electing the shareholder representatives, the General Meeting is not bound by election proposals.

7. Authorization to issue convertible bonds and to create conditional capital  
The Board of Managing Directors and the Supervisory Board propose that the following resolutions be passed:

- a) The Board of Managing Directors shall be authorized until April 30, 1989 to float, subject to government approval, convertible bearer bonds in a nominal amount of up to DM 750,000,000 in one issue or in partial amounts with a life not exceeding 12 years. At such times pre-emptive rights shall be granted to the shareholders; the Board of Managing Directors is however authorized to except fractions from the shareholders' pre-emptive rights and also to exclude the pre-emptive rights in so far as is necessary to provide the holders of the Warrants from the Bonds with Subscription Rights issued by Deutsche Bank Compagnie Financière Luxembourg S.A., namely the 4 1/2% US-Dollar Bonds with Subscription Rights of 1977/78 and the 6 1/4% US-Dollar and 3 3/4% DM Bonds with Subscription Rights of 1983/81, with such pre-emptive rights to new shares as they would be entitled to upon exercising the subscription rights.

The bearers of the convertible bonds shall have the indefeasible right to convert their bonds into shares of Deutsche Bank AG in accordance with the conditions of issue to be stipulated by the Board of Managing Directors. The conversion price shall not exceed DM 250 per share of DM 50 par value.

The conversion price to be fixed per share of DM 50 par value shall without prejudice to § 9 (1) Joint Stock Corporation Act be reduced according to a mathematical formula if the shareholders of Deutsche Bank AG are granted pre-emptive rights upon the issue of new shares or upon the issue of bonds with conversion rights or subscription rights to shares of Deutsche Bank AG; this does not apply if the bearers of the convertible bonds receive corresponding pre-emptive rights in respect of the new shares, or convertible bonds or bonds with subscription rights, to be issued.

The Board of Managing Directors shall be authorized to stipulate that the claims arising out of the convertible bonds rank subordinate to the claims of all other creditors of the bank in accordance with more detailed provisions of the conditions of issue and that the offsetting of claims arising out of the convertible bonds against claims of the borrower is barred. Furthermore the Board of Managing Directors shall be authorized also to lay down the further details of

the flotation and of the terms and conditions of the convertible bond issue, in particular the interest rate, issue price, maturity and denomination as well as the definitive conversion price and the conversion period.

- b) The share capital shall be increased conditionally by DM 150,000,000 through the issue of 3,000,000 shares of DM 50 par value in order to grant indefeasible conversion rights to the bearers of the convertible bonds. The aggregate amount of the shares to be issued upon exercise of the conversion right corresponds to the conversion price valid from time to time. The conditional capital increase shall be effected only in so far as the convertible bonds are issued, the bearers of the convertible bonds exercise their conversion right and the conditional capital is required for conversion in accordance with the conditions of issue. The new shares shall be entitled to dividends from the beginning of the financial year in which they come into existence by virtue of the exercise of conversion rights.

- c) § 4 of the Articles of Association shall be amended to include the following new subparagraph 6, the present subparagraph 6 becoming subparagraph 7:

"The share capital is increased conditionally by a further DM 150,000,000 through the issue of 3,000,000 shares of DM 50 par value. The conditional capital increase shall be effected only in so far as the bearers of the convertible bonds that shall be issued until April 30, 1989 exercise their right to convert bonds into shares and the conditional capital is required for conversion in accordance with the conditions of issue. The new shares shall be entitled to dividends from the beginning of the financial year in which they come into existence by virtue of the exercise of conversion rights."

Pursuant to §§ 186 (4), 221 (4) of the Joint Stock Corporation Act we report to the General Meeting on this item of the Agenda as follows:

Upon flotation of the convertible bond issue the shareholders shall receive a pre-emptive right to the convertible bonds. As a precautionary measure, however, the Board of Managing Directors is to be authorized to except any fractions from the shareholders' pre-emptive rights.

In so far as the bank offers the shareholders convertible bonds for subscription, then, under the conditions of warrants of the US-Dollar bonds with Subscription Rights of 1977 and the US-Dollar/DM Bonds with Subscription Rights of 1983 issued by Deutsche Bank Compagnie Financière Luxembourg S.A., Luxembourg either the option price must be reduced in accordance with the formula stipulated in the conditions of warrants or, the holders of the warrants must be granted such pre-emptive rights to convertible bonds as they would be entitled to upon exercising the subscription rights.

In order to keep both possibilities open to the bank, the Board of Managing Directors is to be authorized also to exclude the shareholders' pre-emptive rights in so far as is necessary to provide the holders of the warrants with the pre-emptive rights referred to above.

Shareholders entitled to participate in the General Meeting and to exercise their right to vote are those who have deposited their shares during normal office hours and in the prescribed form at a depositary bank until the end of the General Meeting. Depositary banks are those specified in the Bundesanzeiger of the Federal Republic of Germany No. 62 of March 28, 1984.

Depositary banks in the United Kingdom are:

Deutsche Bank AG,  
London Branch,  
6, Bishopsgate,  
London EC2P 2AT.  
Midland Bank plc,  
International Division, Securities Department,  
Suffolk House, Laurence Pountney Hill,  
London EC4.

Shares shall only be deemed deposited if they are lodged by May 9, 1984, at the latest, with either of the aforementioned depositary banks or with any other authorized depositaries in the United Kingdom. In the United Kingdom entrance cards or forms of proxy will be issued by the aforementioned offices of Deutsche Bank AG of Midland Bank plc to whom application should be made.

With regard to the exercise of the voting rights we wish to draw your attention to § 18 (1) of our Articles of Association:

"The voting right of each share corresponds to its nominal amount. If a shareholder owns shares in a total nominal amount exceeding 5% of the share capital, his voting rights are restricted to the number of votes carried by shares with a total nominal amount of 5% of the share capital. Shares held for account of a shareholder by a third person shall be added to the shares owned by such shareholder. If an enterprise is a shareholder, the shares owned by it shall include any shares which are held by another enterprise controlling, controlled by or affiliated within a group with such enterprise, or which are held by a third person for account of such enterprises."

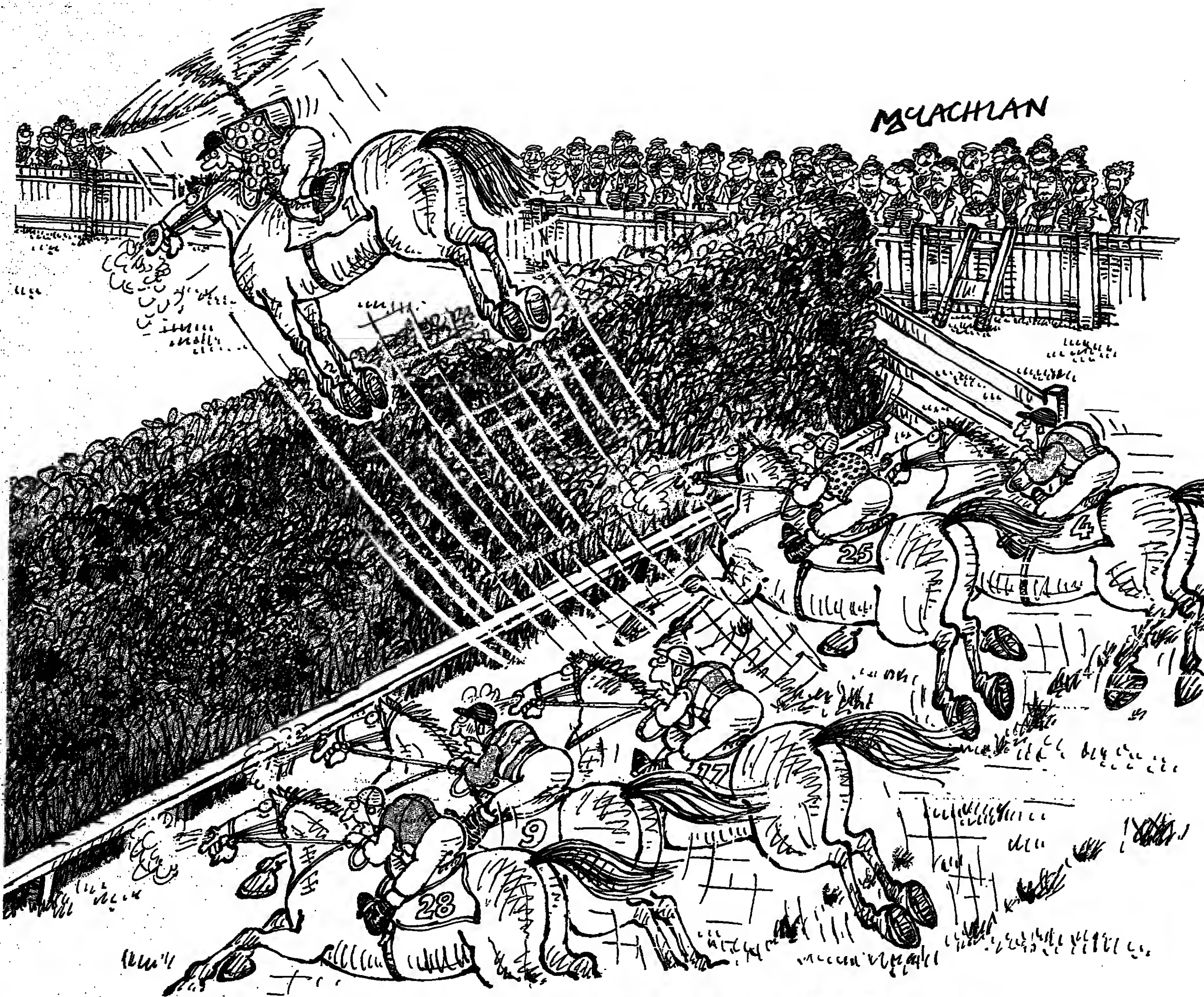
5% of the share capital mentioned in § 18 (1) at present corresponds to a nominal amount of DM 73,457,255 = 1,469,145 shares of DM 50 par value.

Frankfurt am Main, March 1984

The Board of Managing Directors

مكتبة الامم





# A CALL TO US WILL PUT YOU ONE JUMP AHEAD.

Don't let our name mislead you. While we're closely involved with leading companies trading between Britain and Scandinavia, as a U.K. bank, we are also a major source of finance and investment for British companies in the U.K. and internationally.

In fact, Scandinavian Bank is one of Britain's top twenty banks with assets well in excess of £2½ billion and offices in fourteen financial centres worldwide.

But there is a very Scandinavian aspect in the way we run our Bank.

We are totally committed to customer service. This is reflected in everything we do and goes a long way towards explaining the

Bank's rapid growth since it was founded in 1969.

Scandinavian Bank provides its customers with the support and expertise they need in today's competitive world. Red tape is kept to a minimum and the fast response you need is always given.

We work alongside our customers to create innovative financial packages to meet their particular needs.

So, if you're looking for a special service in trade finance, leasing, foreign exchange or any other area of U.K. or international business, call us.

You'll soon discover the advantages of being one jump ahead.

**Scandinavian Bank**



ONE OF BRITAIN'S TOP 20

## Service so good it puts you in the lead.

Scandinavian Bank Limited, 2-6 Cannon Street, London EC4M 6XX. Tel: 01-236 6090. Customer Services Manager. Extension 346. Telex: 889093. International Offices: Bahrain, Bermuda, Geneva, Hong Kong, Los Angeles, Madrid, Milan, Monaco, New York, Sao Paulo, Singapore, Sydney, Tokyo, Zurich.



## UK NEWS

New Issues

March 28 1984

## Federal Farm Credit Banks Consolidated Systemwide Bonds

10.60% \$1,544,000,000  
CUSIP NO. 313311 KY 7 DUE OCTOBER 1, 1984

10.75% \$899,000,000  
CUSIP NO. 313311 KZ 4 DUE JANUARY 2, 1985  
Interest on above issues payable at maturity

Dated April 2, 1984 Price 100%

The Bonds are the secured joint and several obligations of The Thirty-seven Federal Farm Credit Banks and are issued under the authority of the Farm Credit Act of 1971. The Bonds are not Government obligations and are not guaranteed by the Government.

Bonds are Available in Book-Entry Form Only.

## Federal Farm Credit Banks Funding Corporation

90 William Street, New York, N.Y. 10038

Peter J. Carney  
President

This announcement appears as a matter of record only.



## Vauxhall and Bedford lose £53m before tax

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SEVERELY DEPRESSED conditions in world commercial vehicle markets were mainly responsible for a sharply increased loss by General Motors' operations in Britain last year. The loss before tax jumped from £37.9m to £53.3m.

The Bedford commercial vehicle business contributed most of the deficit, recording a £52.24m loss for 1983 on sales worth £240.15m. But Mr J. T. Battenberg III, Bedford's general manager, said yesterday that he expected the division to be profitable within three years.

The Vauxhall car operations suf-

fered a loss of £1.076m on a turnover of £1.09bn. Vauxhall paid tax of £428,000 (£788,000 in 1982). Mr John Fleming, chairman of Vauxhall, has indicated that the company should be profitable this year.

It is the first time that GM, the U.S. group which is the world's largest automotive company, has separated the Vauxhall and Bedford figures, so there are no comparative statistics for 1982. In that year the combined Vauxhall-Bedford business had sales of £1.06bn.

Bedford has now become part of GM's Overseas Commercial Vehicle

Corporation, based at Pontiac, Michigan. Last year a 12.9 per cent rise in vehicle sales in Britain was offset by the decline in exports so that total sales of 53,296 units were only slightly above the already-depressed 53,024 for 1982.

In 1983, Bedford's total vehicle exports fell by 27 per cent to 12,138, compared with 1982, reflecting loss of volume notably in Europe and other key territories such as Nigeria.

Vauxhall's loss was blamed on a three-day strike in September which cost the output of 4,000 cars.

## Lawson aims at zero inflation

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

INFLATION SHOULD be reduced to zero within the next 10 years, Mr Nigel Lawson, Chancellor of the Exchequer, said last night. He told a committee of MPs that this was not just an aspiration but a Government objective. The Treasury would frame its monetary policy with this in mind, he said.

Mr Lawson's statement was the most explicit he has made yet on his intentions in the battle against

inflation, although his Green Paper (discussion document) on public spending issued with the budget made a general reference to stable prices.

He confirmed that the reduction on inflation would be gradual and stable prices would probably not be achieved within the next five years — although even this was possible.

Mr Lawson disappointed some right-wing members of the commit-

tee, however, by saying that the Government did not intend to aim for a balanced budget within the foreseeable future. This was not necessary for the strategy of getting towards zero inflation.

Mr Lawson said that future economic prospects for the non-oil economy might be rather better than the figures shown in his budget "red book" (the financial statement and budget report).

## Power stations burn more oil as coal strikes take effect

BY OUR LABOUR STAFF

THE MINERS' strike against pit closures began to bite more deeply yesterday and the effects on industry increased. There was a sharp rise in picketing of power stations, with more than 20 affected.

The Central Electricity Generating Board said it had ample stocks of solid fuel and power supplies were not under threat. But it took the significant step of increasing the amount of oil burned at its power stations.

Mr Jack Collins, of the Kent area of the National Union of Mineworkers (NUM), called for "a total power stoppage" and spoke of picketing being spread to all 95 power stations in Britain.

Coal-fired power stations in the Thames estuary, which use both British and imported coal, were hit by sympathetic industrial action by seamen. Mr Jim Slater, leader of the National Union of Seamen, will today urge more union support for the miners.

At Hartlepool docks in north-east England, miners' pickets from Durham prevented the removal of 4,000 tonnes of imported Polish coal. The National Coal Board (NCB) said that the strikes had prevented the export of 140,000 tonnes of coal de-

liveries from Scotland to Scandinavia and Ireland.

Steelworkers at Port Talbot in South Wales, however, rejected a call from miners to prevent imported coal being unloaded there. Unions at British Steel's Ravenscraig strip mill in Scotland will ask the NUM today to allow through sufficient coal for production to continue, but their request is likely to be refused. The plant was picketed by miners yesterday.

Mr Arthur Scargill, president of the NUM, gave no sign yesterday of acceding to demands for a national ballot over strike action, despite support for this from about half of the union's executive committee.

Militant miners renewed their tactics of blocking major roads with slow-moving convoys of vehicles and there were more arrests. The national executive of the Labour Party claimed that the massive police presence in the coalfields had contributed to violence.

Up to 800 lorry drivers and other staff have been laid off in South Wales by transport companies mainly dependent upon moving coal. Another 200 drivers between North Yorkshire and the Scottish border have been made idle.

## ICI shares fall after chairman's remarks

BY TONY JACKSON

COMMENTS by Mr John Harvey-Jones, chairman of ICI, on the outlook for the U.S. economy caused prices to fall yesterday in the UK equity market. ICI shares fell by 612p, having lost 10p the day before.

At a meeting held by stockholders de Zoete & Bevan on Tuesday, Mr Harvey-Jones said he felt that the "point of infection" in the U.S. economy might occur in mid-1984. Yesterday, this was taken by some investors to mean that he expected a second-half downturn.

ICI, one of Britain's largest industrial conglomerates, sought to rebut this view. The chairman threw out a number of hypotheses about what might happen, said a company spokesman.

"One of these was that the U.S. economy might change gear in the second half of this year, to a slower rate of growth. But it is the view of our economists that the economy will show strong recovery over the year as a whole, of around 4 to 5 per

cent. Mr Harvey-Jones also sees this as the most likely outcome.

Mr Harvey-Jones also expressed the view that if a slowdown in the U.S. economy was accompanied by a weakening in the dollar, the U.S. chemical majors might start exporting more to Europe. In this case, he thought, recovery in West Germany would not be enough to offset the pressures in European markets.

The spokesman, however, said that this was his personal view, and was not shared by ICI's economists.

Mr Harvey-Jones said yesterday that he had not changed his view of the company's overall prospects since publication of the 1983 results a month ago. While he remained confident that "profits" for 1985 would be better than 1984, he was by no means sure that 1985 would see profits reaching £1bn.

In the City of London yesterday, analysts did not change their forecasts of about £800m for ICI this year. But they slightly reduced their expectations for 1985.

## Strike cripples London

BY BRIAN GROOM, LABOUR STAFF

LONDONERS drove, cycled, walked and jogged to work in their thousands yesterday to beat a 24-hour bus and underground train strike which crippled the capital's transport system. They paid a price in traffic jams of miserable length as the evening rush hour began in heavy rain at 3pm and stretched for more than three hours into the evening.

Strikers were protesting at Government plans to abolish the Greater London Council (GLC) and hand control of London Transport to a new regional board.

Motorists' organisations reported "horrendous" traffic conditions as 400,000 cars, a third more than usual, jammed exit routes from London.

Central London will be disrupted again today when thousands of protesters march to County Hall, the GLC headquarters, as part of the Trades Union Congress Democracy Day.

## Minister pledges faith in manufacturing sector

BY IAN RODGER

MANUFACTURING would always be the basis of wealth creation in Britain, Mr John Birtcher, the junior industry Minister, said yesterday.

It was a rare statement of commitment to conventional manufacturing industries from a government which has often seemed preoccupied with high technology and service industries, and it was enthusiastically received by an audience of engineers and executives at the second day of the Financial Times conference on automated manufacturing.

Mr Birtcher said only a small proportion of services were internationally tradeable, whereas 70 per cent of manufactured goods were internationally tradeable.

Mr Birtcher reviewed a number of government programmes aimed at helping manufacturers improve the quality of their products and their efficiency. These include schemes to promote the use of robots, computer-aided design systems and high technology machine tools.

"The reason these programmes are there is that manufacturing matters and engineering matters," he said. "For the foreseeable future our national standard of living will depend on our success in assessing the world market for manufactured goods and meeting its demands for well-designed products of high quality delivered on time at attractive prices. Japan, the U.S., West Germany, France, Italy, Sweden and many others are already running hard in this race."

"The only way we can pull ourselves back into the manufacturing league is to apply our intellectual

resources. If we in Europe cannot fight back then all our economies will suffer," he said.

The preferred route to automated manufacture was through islands of automation, Dr Peter J. Deasler, director of European Executive PA Technology, said.

The important thing was to "design your islands with future thinking in mind."

"New companies have not the resources to automate the whole production process all at once; even if they did, there are still gaps in the overall state of the islands that technologists are trying to plug," he added.

Dr Philip Read, senior vice-president of Computervision Corporation, highlighted the capacity of CAD systems for promoting integration of design and manufacturing operations.

The essence of CAD technology is the ability to create automatically a product data base consisting of design data, dimensions and key characteristics as well as connections," he said.

CAD systems could manipulate the data base quickly and then automatically produce many types of output — drawings, geometric descriptions, simulation of machining operations and data to drive machine tools.

# FIRST YOU COULD ASK NOW YOU CAN ACT



## New from NatWest. Automated Money Transfer for Corporate Cash Managers.

National Westminster Bank Group is continuing to build on the success of NatWest NETWORK — the leading worldwide electronic cash management service with systems specifically designed for the UK and European treasury manager.

Now NatWest NETWORK has introduced a new facility, the Money Transfer Service, which lets you transfer funds with the same ease as you can now get an up-to-date read-out of your position at the beginning of the working day. And it is done speedily and just as cost-effectively through the same local telephone connection and a wide range of computer terminals.

The touch of a button provides electronic delivery of your instructions to NatWest to transfer available sterling to any bank in the UK. Transfers between accounts or to third parties may be carried out without the need for subsequent confirming letters. The system has special built-in password procedures for added security.

Later, international transfer facilities in a range of currencies will be available.

NatWest NETWORK products provide the operational benefits which applied computer technology can bring to your treasury office. Future upgrading and expansion plans for our product range are expected to serve the developing requirements of treasurers. To find out more about how NatWest NETWORK can act for you, contact:

Corporate Cash Management Services,  
National Westminster Bank PLC, 41 Threadneedle Street,  
London EC2R 8AP. Telephone 01-726 1899

or your NatWest Manager or Accounts Executive.

**NatWest NETWORK**  
Corporate Cash Management Services

**NatWest**  
The Action Bank

مكتبة الامم



Thursday March 29  
itions but  
as coal  
ke effect

s fall after  
s remarks

oples London

ledges faith  
cturing sector

CONFERENCE  
Automated  
Manufacturing



Imagine.

A personal computer that not only solves your business problems, but also gives you peace of mind.

Because it arrives with a full year's warranty.

(Not the usual six months.)

Because it's maintained on your premises.

(Not the manufacturer's.)

Because its instructions are computer based.

(Not buried in an instruction manual.)

Because it offers you a choice of free training courses.

(Not an expensive seminar invitation.)

Because it comes complete with telephone help.

(Not a lonely wait.)

Because it runs all the leading software.

(Not just the manufacturer's.)

Only the Rainbow offers you all the solutions you'll ever need.

(Not just the ones you want.)

If you're still not convinced about our Rainbow solutions, how can we help you?

☐ I'd like further information.

☐ I'd like your software catalogue.

☐ I'd like a free demonstration.

Name \_\_\_\_\_ Position \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Write to: Digital Equipment Company Limited, Customer Information Centre, Jay's Close, Basingstoke, Hants RG21 4BS. Telephone: Basingstoke (0256) 59299.

**digital**

The World's Largest Manufacturer of Minicomputers



## Westland/Utrecht Hypotheekbank NV end of the year Statement

for the year ended 31st December 1983

## Key figures of Consolidated Profit and Loss Account (in f 000)

	31.12.1983	31.12.1982
Revenue from mortgages	1,049,849	863,311
Revenue from construction loans and other advances	50,351	35,053
Other revenues	68,899	78,479
Group revenue	1,169,099	976,843
Total cost of borrowed funds	1,073,065	869,462
General expenses	80,987	72,639
Depreciation of property	9,740	9,343
Group costs	1,163,792	951,444

## Operating Result

Provision for general contingencies	5,307	25,399
Taxation	150,000	75,000

Net result	(144,683)	(49,601)
------------	-----------	----------

## Key figures of Consolidated Balance sheet (in f 000)

	31.12.1983	31.12.1982
Share capital (placed)	82,158	82,158
Reserves (paid up)	50,792	50,792
Subordinated loans	104,758	55,157
Borrowed funds	327,962	320,773
Mortgages	10,112,622	8,815,080
Construction loans and other advances	9,654,785	8,299,421
Operational lease	373,446	238,995
Building projects in hand	138,480	131,749
Managed property	372,622	46,801
Balance sheet total	475,224	5,140

\*Placed capital, reserves and subordinated loans together are the capital base of the company, i.e. per 31-12-83 f 458 million.

Copies of the complete end of the year statement are available on request at our head office, Paalbergweg 11, 1105 AG Amsterdam, The Netherlands, Tel. 01031 205604911, extension 234 or J. Henry Schroder Wag & Co., 120 Chesapeake EC 2V 6DS London, Tel. 5884000. In due course the Annual Report of 1983 will be available at the same addresses.

## Concorde operation passes over to BA in £9m cash deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS (BA) is to pay the UK Government more than £9m to acquire outright the Government's entire holding of Concorde spare parts.

This cash deal is part of a complex overall agreement on Concorde support costs which has been reached after long negotiations. It means that from April 1 the UK Government's financial involvement in the Concorde programme effectively ends.

BA will be responsible for all the costs involved in flying its seven Concorde and buying any spares it needs when the present stocks are exhausted, from the manufacturers - British Aerospace on the airframe and Rolls-Royce on the engines.

Under the deal, BA will no longer have to pay the Government the bulk of the profits it earns from flying Concorde. Some time ago a profit-sharing agreement was reached under which the Government took 80 per cent of all Concorde profits, leaving BA only 20 per cent.

That arrangement was made to ensure that the Government got at least some money back from its heavy investment in the Concorde

programme and for practically giving BA its fleet of seven Concorde free of charge.

In recent years, however, Concorde has become increasingly profitable to fly. In the financial year 1983-84 which ends on March 31, profits on Concorde operations, both scheduled services and charter flights, are expected to be in excess of £12m. Because the new arrangements now agreed do not take effect until April 1, the bulk of the past year's Concorde profits or more than £9m will still have to be paid over to the Government under the original arrangements.

One of the airline's seven Concorde is at present grounded at Heathrow Airport, London, where it is being broken up for spare parts. It is expected, however, that this aircraft will be brought back to flying standard and returned to service to meet the growing demand for Concorde flights.

The French Government, which has been an equal partner in the Concorde programme, is not involved in the agreement and will continue to finance the production of spares and support costs for its own airline, Air France.

## UK NEWS

## Shell has £1.9bn profit

BY DOMINIC LAWSON

SHELL UK yesterday announced operating profits for 1983 of £1.924bn, a 54 per cent increase over 1982's outcome of £1.25bn. After tax and interest, the company returned profits of £334m, an improvement of 40 per cent over the comparable 1982 figure.

The chief reason for the profits rise was a 24 per cent increase in North Sea crude oil production to 332,000 barrels a day, equivalent to 22 per cent of total UK oil consumption.

Dr John Jennings, managing director of Shell UK's exploration and production, said yesterday that he expected 1984 production to rise to 350,000 b/d.

Shell UK for the first time had to provide for corporation tax, amounting to £532m, on its North Sea profits. That sum is likely to be reduced by £10m-£15m, as a result of the budget changes this month in corporation tax.

Dr Jennings said that Shell's North Sea capital expenditure this year was likely to be about £300m, and that the company would spend about £3.5bn over the next six years.

He announced that Shell had identified three oil discoveries, from which the company planned to bring oil onshore by 1990.

These were the Tern, Eider and

Kittiwake fields, with combined recoverable reserves thought to be in the range of 300m-340m barrels. It is also believed that Shell will win approval from the Department of Energy next week for the development of a gas field called Sean.

In contrast to its buoyant upstream operations, Shell's oil refining and retailing businesses produced profits of £22m compared with £20m in 1982.

Mr John Ramsman, Shell UK's chairman, pointed out that these results would have been £30m better had it not been for the seven-week strike at its Stanlow oil refinery in Cheshire last year.

## Harrisburg mayor will give Sizewell evidence

FINANCIAL TIMES REPORTER

THE MAYOR of Harrisburg, in the U.S., Mr Stephen Reed, has agreed to give evidence at an inquiry being held into plans to build a pressurised water reactor at Sizewell, on the east coast of England.

He will give evidence about the power station accident at Three Mile Island, five years ago. The proposed reactor at Sizewell is of the same type as that involved at Three Mile Island.

Mr Reed accepted the invitation

of local councils at Sizewell to travel to England to give evidence.

Environment groups plan to hold a demonstration in London today to mark the fifth anniversary of the Three Mile Island incident, which led to major fears in the U.S. about the release of radioactivity.

The Sizewell inquiry has been sitting for 15 months and would be the longest British public hearing on record.

## Machete maker a cut above the rest

By William Dawkins

A COMPANY which makes machetes is one of Britain's top privately-owned exporters, according to a report published today on the UK's 2000 largest companies. The report, compiled by the London-based company, says that the firm, which exports 80 per cent of its sales for agricultural use in the Third World, has a turnover of £22.2m in 1982, a 22 per cent increase on the £18.2m of 1981. The business, which had sales of £1.8m in 1982, was founded in the early 18th century by a French Huguenot family.

The survey is the eighth in an annual series by Jordan & Sons of London, the largest company formation agent in the U.K. It provides a financial compendium of private companies - including those quoted on the unlisted securities market (USM) - for the three years to the middle of last month.

The range extends from the London conglomerate, Cammell Group, with a £22.2m turnover, to Young & Marten, a Stratford building materials distributor, with annual sales of £3.6m.

The report shows that the largest privately-owned company is the Wallasey-based pharmaceuticals company, which in its last financial year reported £124.4m, or 24 per cent, of sales.

Second in the list is a firm based in Ayr, Ayrshire, an Essex-based farming products group, which sold £120.2m of goods overseas in 1982.

Other corporate information, is a list of high wage payers. That is headed by Exploration & Production Services, which provides well-testing services and production crews for the oil industry and pays its employees an average of £10,854 annually. Johnson, which is quoted in the USM, also has the highest pre-tax profit margins, 33 per cent of sales and scored the greatest increase in earnings in the top 2000.

Another four USM companies appear among the 20 businesses with the highest profit margins: Baltic Leasing, Asprey, Finch design consultants and Johnstones Paints.

The fastest growing companies in the survey include Hillsdown Holdings, the acquisitive food, office equipment and furniture group, which has boosted its sales from £77.9m in 1980 to £110.8m in 1982 - a performance which few public companies have been able to emulate.

Britain's Top Private Companies, £55, Jordan & Sons Ltd, Jordan House, Brunswick Place, London N1 6EE.

## New accounting rules expected next year

By Alison Hogan

PUBLIC limited companies with their financial year beginning on or after January 1 1985 will probably have to comply with a new adjusted form of current cost accounting. This follows an agreement of the Accounting Standards Committee yesterday on a new formula to replace the standard SSAP 16.

After months of debate, the ASC approved a statement of intent on a new standard which will apply to all companies whose shares or debentures can be offered for sale to the public (p.c.). It will not apply to small companies, nationalised industries or value-based companies, such as unit trusts or insurance companies.

Dissatisfaction with the current standard SSAP 16 has reached such a level that around half of all public companies are now ignoring it. The ASC hopes to command a far higher level of compliance with the new standard. It will be held essential to a true and fair view, which means non-compliance would result in auditors qualifying the accounts.

The statement of intent will suggest that the new standard requires current cost information in a note to the accounts, giving adjustments to the historic cost profit for depreciation, stocks, monetary working capital and gearing.

It offers three options on the gearing adjustment, based either on a proportion of CCA adjustments as in SSAP 16, or a proportion of all valuation gains, or as a retail price adjustment to interest charges.

The ASC also proposes that the CCA value of fixed assets and stocks be disclosed.

The full draft standard will be published later in the spring.

Price Waterhouse, the international firm of chartered accountants, has reached a co-operation agreement with Trenarbit AG, one of West Germany's largest firms of accountants, to exchange technical expertise in areas of tax audit and management consultancy.

The link, which does not affect the capital structure or ownership of the firms, will strengthen PW's presence in Germany.

## Industry challenged over EEC trade

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

THE ABILITY of British managers to recover lost market share in export of manufactured goods to the European continent was questioned by MPs on a House of Commons trade and industry committee yesterday.

The committee is examining the reasons for Britain's big trade deficit with the EEC in manufactures and the prospects for recovery when North Sea oil exports dry up.

Mr Peter Emery (Conservative) asked a witness from the Confederation of British Industry (CBI), the employers' organisation, whether industry was being "beautifully featherbedded" by North Sea oil and could meet the challenge of its disappearance. Mr Robert Maxwell-Hyslop (Conservative) wanted to know whether the British salesmen's "linguistic incompetence" was due to a lack of training by industry or a failure to recruit the right people.

Mr Ken Edwards, the CBI's deputy director-general, said industry had suffered from high unit labour costs, low profitability and other institutional factors. The CBI had long argued that a shift in the balance of negotiating power away from the trade unions was needed to restore the balance of competitiveness.

The language problem was a result of a weakness in the educational system, said Mr David Royce, director-general of the Institute of Export.

From the Labour opposition, Mr Stan Crowther challenged the labour cost argument. Since British wage rates were among the lowest in the EEC, it was inefficient use of labour and lack of investment in plant and machinery that was to blame, he said.

Mr Edwards agreed that wage rates were not the whole answer. Managements knew what to do but had been hampered by severe cash flow constraints.

Mr Teddy Taylor (Conservative), an opponent of the EEC, challenged the CBI to say whether its original enthusiasm for Britain's EEC membership had been justified in the light of events.

He was told that the CBI believed the competitiveness problem could be solved and it would be "absolutely disastrous" for Britain to give up its free access to the big market on its doorstep.

The committee was told that public and political awareness of the need for export promotion was still inadequate.



## If they work for you, we should be working for you too.

You may not realise it, but the Youth Training Scheme is not just for unemployed school leavers. Lots of young employees are already benefiting from it as well. So yours should too. The Youth Training Scheme is open to all 16-year-olds, both employed and unemployed, some 17-year-olds, and with special arrangements for disabled young people up to 21.

In all cases the Manpower Services Commission will work with you to get the best out of young people.

And what's more, we make a substantial contribution towards the costs of the scheme.

So at the same time as you're helping these youngsters, the MSC will help you.

The scheme, which consists of 12 months planned work experience and training, is not only the ideal bridge between school and work, but also motivates young people to be better employees - making them an even better asset to your company.

So you see, by putting your employees on the YTS, you're not just helping them; you're also helping your company and the country to get a better trained workforce.

For further information about how the YTS can help you and your employees contact your local Manpower Services Training Division Area Office whose address is in the telephone directory.

**Youth  
Training  
Scheme**

Creating a workforce for the future.

مكتبة الأصل



## TECHNOLOGY

SOUTH EAST ASIA MARKET FOR NEW LIFTS SHOWS RAPID GROWTH

# Elevators give Japan's industry a lift

BY ROY GARNER IN TOKYO

IF YOU travel to the Ikebukuro area of Tokyo you can not only enjoy viewing the tallest building in Asia, the "Sunshine 60", but also take a ride in its "world's fastest" lift.

This super-lift will whisk you from basement level up to the 60th floor at a maximum speed of 32.8 feet per second in a travelling time of 35 seconds, courtesy of Japan's biggest elevator maker, Mitsubishi Electric Corporation.

The experience is however distinctly unexciting, as the ride is so smooth and quiet that the only sensation of speed comes from a popping in the ears.

The speed and smoothness of a lift ride are two important features of modern elevator design. But in the almost saturated, and fiercely competitive, Japanese market, the thrust of technological rivalry is now centred on improvements in power-saving and general compactness.

These factors are also vital for success in the biggest growth market, South East Asia, where market expansion is currently as high as 40 per cent annually (notably in Singapore and Malaysia).

Economic operation and compactness will be the vital requirements in new lift markets which are emerging in Japan centring on "home elevators". In buildings of only two or three stories (especially for Japan's ageing population), and in new and fashionable city centre apartment blocks. These are now growing in popularity among younger generations who have given up the dream of owning detached houses in inevitably distant locations.

Space-saving is being achieved through the use of sophisticated computer controls which allow the installation of fewer lift shafts, in large buildings, by a better matching of lift avail-

ability with the passenger demand at different floors.

The use of hydraulic lifts, which do not require space-consuming overhead equipment rooms is also a growth area. A major advance in energy saving, often by as much as 30 per cent, is now possible through the latest development in electric current control, the AC variable voltage, variable frequency (VVVF) system.

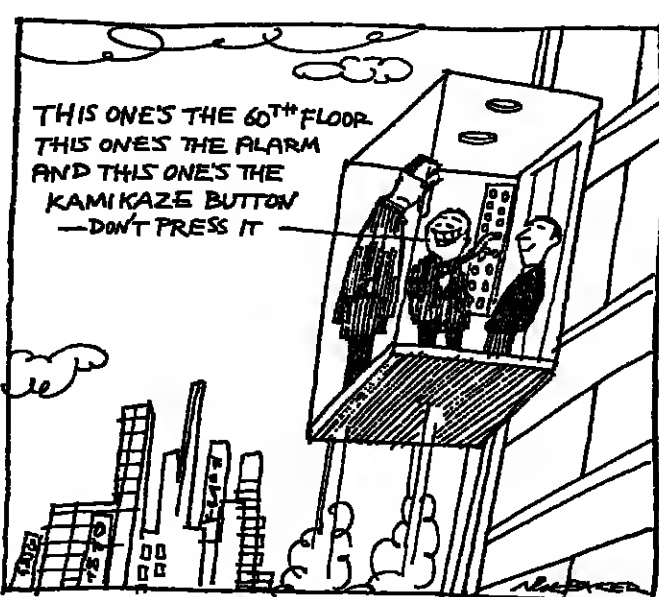
Earthquakes being a constant threat in Japan, improved safety is a high priority.

Elevators have for a long time come in two basic types, featuring either AC geared or DC gearless drive controls; the former being normally applied for low speed (40 to 65 metres per minute) lifts and the latter for high speed (120 metres per minute or above) units.

The conventional geared-type needs a gear to control the lift speed, especially at low speeds, because of the difficulty in stably controlling motor rotation. Disadvantages include high vibration and noise levels.

DC motors give easy controllability at high speeds, but consume high levels of power.

In October last year, Toshiba was the first company to announce the development of an AC gearless high-speed elevator. The equipment features the VVVF inverter, which simultaneously controls with great accuracy the voltage and frequency of the AC motor, thus enabling a 30 per cent lower power supply capacity, and giving an overall 10 per cent saving in power consumption.



The company says it is possible for a 105 metres per minute elevator, with a capacity of 15 people, to consume only 17 to 18 kw hours per day of electricity, if equipped with VVVF control, against 34 to 35 kw hours per day for a conventional system.

Mitsubishi Electrical and Hitachi also plan to introduce AC gearless VVVF units within this year. Mitsubishi has also already introduced the VVVF technology into low speed AC geared equipment.

At present, lift demand in Japan is around 120,000 units per year. This breaks down into approximately 300 high rise units (of 30 stories and above), 10,000 medium to low rise (50 per cent of which are residential) and 1500 to 1700 hydraulic units.

For a comparison of value, Toshiba estimates that 8-storey

units constitute 37-38 per cent of shipments and, by value, equal 20 per cent of the market, while 30-storey lifts equal just 5 per cent of shipments but constitute 30 per cent in value terms.

The fastest growing domestic market is in hydraulic lifts, increasing by over 10 per cent per year, and industry sources suggest they could eventually account for 25 per cent to 30 per cent of shipments.

Hydraulic units employ a cylinder and plunger mechanism at ground level, and are most cost-effective at speeds of 60 metres per minute and in buildings of about six stories (and no higher than eight stories). The biggest demand comes in residential areas where building height is especially crucial because of "sunshine laws" which provide for compensation to the owners of adjacent

properties deprived of sunlight by new structures.

Hydraulic lifts have no overhead equipment, which allows a reduction of shaft height, and usually occupy a smaller portion of land; the most expensive of commodities in Japan.

A major market trend is a growth in the number of home owners who want and can afford lifts. Hydraulic units will lead the way in bringing "luxury" lifts into homes of only two or three stories. Other luxury equipment could include inclined elevators, wheelchair lifts and hatchway lifts.

Electronic valves for hydraulic units were introduced in 1981, and the next technological shift will come very soon with a move from a relay-type controller to a 100 per cent computer-controlled solid-state controller. Further in the future will come a "digital valve".

Advanced control software is most important in the larger buildings. Mitsubishi introduced its "optimum service" series 12 years ago, which accepts an inflow of traffic information and can adjust lift movements to changes in traffic flow.

In 1980 a "learning capability" was introduced which uses a computer to evaluate flow information from the time of initial installation onwards, and automatically measures this data against operating criteria to provide the optimum service.

Equal waiting time for all building users is the usual aim of such controls. Toshiba believes it has a lead in this area with its new "Waiting time distribution control system," which equalises service by the use of ultrasound and light beam sensors, and TV cameras, hooked up to a picture processing image analyser, all of which are co-ordinated by a central computer.

Earthquakes being a constant threat in Japan, improved safety is an especially high priority for makers. Japanese laws are strict on the installation of such features as earthquake sensors which auto-

atically stop the elevator during a tremor, and inverters are increasingly being applied which will automatically move the lift to the nearest floor, and open the doors, during times of power failure.

In the case of very high buildings, computer-assisted simulations of the behaviour of the whole structure during an earthquake allow for construction of the most secure counterweight and guidance rail systems.

Otis Elevator Company of the U.S., the world's number one maker, which has had a subsidiary in Japan since 1932, introduced a regenerative AC variable frequency battery drive system three years ago which is ideal for emergency use. This is expected to be in Japan soon.

Information services for the lift user will also improve safety in new systems, using video displays showing such things as details of emergency exit locations.

Toshiba has already installed over 300 units featuring speech synthesis-chip voice messaging, which also offers possibilities for an improved emergency information service.

Further reductions in lift equipment weight are being pro-

vided by the introduction of new lightweight materials and by the replacement of electrical wiring by optical fibre. Toshiba expects to see a total switch to optic fibre within three years in the case of very high buildings.

Export markets, especially in S.E. Asia but also in the Middle East, are currently a very important growth area. Toshiba says its exports have grown to 25 per cent at present from 15 per cent during the past five years, and over 30 per cent exports is anticipated in the near future.

Nippon Otis exports stand at more than 40 per cent, and Mitsubishi 30-35 per cent. Hitachi is the exception, claiming the export market has not been good for the past two or three years, and maintaining that the export picture is still "rather weak".

In the Japanese market Mitsubishi holds the lead with approximately 40 per cent, Hitachi has close to 35 per cent, and Toshiba 20 per cent. Nippon Otis claims around 13 per cent and predicts a growth to 15 per cent during 1984.

Domestic demand is in the region of 12,000 units per year, with a value of approximately Y135bn. This compares to a global demand of over 100,000 units, with a value in excess of Y1 trillion (million million).

Increasing affluence in Japan is expected gradually to bring a stimulation of the domestic market, with the recent resting on three-storey installations, with hydraulic equipment (a development officially encouraged by the Ministry of International Trade and Industry-MITI).

In 10 years time installations in the already ubiquitous, low budget, five storey residential blocks will come to the fore. During this period an overall market growth rate of 4 to 5 per cent appears likely.

## DALE

GENERATING SETS  
2.5kVA - 5MVA  
Standby or Prime Power.  
Stationary, Portable  
or Mobile.

Dale Electric of Great Britain Ltd,  
Electricity Buildings,  
Foley, Yorkshire YO14 9PJ.  
Tel: 0723 54141 Telex: 52163

## Drawings

## Computers in construction

A COMPANY in Birmingham headed by ex-builder Rod Banting is trying to introduce computers to the construction industry.

The first product of Techsonix (UK), which is on Aston University's Science Park, is a £9,000 electronic system that transfers information from architects' drawings into a computer. A worker, such as a quantity surveyor, passes over the drawing a special pen that emits a barely audible "click" at the press of a button. Microphones around the drawing board pick up the "click" and compute the point on the drawing where the pen is.

This information is passed to a computer which processes it in a specific way depending on the software in the machine. For example, the computer could work out the areas of parts of a building from co-ordinates of points on the drawing. Or with another set of programs, the system could even work out costings for specific components of a building.

The system was devised by an American company, Tironix International, which despite its name is entirely separate from the Birmingham organisation. Mr Banting had to develop software to make the equipment suitable for the UK building industry. The hardware comes complete but for the fact that the customer has to supply his own computer.

## Use a micro without buying one?



## Why not?

Making this possible is our speciality!

Come into our office, and see the best in personal computers and their software.

Almost any leading brand name you've heard of.

Then, if you like, select a microcomputer to RENT for the period you want.

If you are happy with your choice, a purchase option is available. If not, you can try another!

No matter which way you turn, you get unbiased professional advice. Plus training. Plus maintenance. Plus peace!

Learning more is painless too. Just post this coupon.

CCA (MICRO RENTALS) LIMITED  
194 Old Brompton Road,  
London SW20 0AS  
Telephone: 01-370 1361/2/3  
Telex: 295623 CCAI.G.



## GRAPHICS DESIGN

## Electronic drawing board for artwork

DICOMED OF Minneapolis has developed an "electronic drawing board" that allows all kinds of colour artwork to be produced "on screen".

It could prove a boon to corporate graphics departments in large companies, advertising agencies and commercial art studios with throughputs of colour slides (or other film/paper outputs) of more than 5,000 a year.

Dicomed now has sales offices in London, Frankfurt and Montreal. Sales in 1983 were \$23m. The equipment is called "Imaginator" and costs from £141,000. It consists of a fully adjustable 19-inch diagonal colour screen, a working drawing board with a "mouse" (the movement of which (by the artist) is reproduced on the colour tube, and a pull-out keyboard used to enter text and numerals, which also appear on the screen.

Any image constructed on the tube face can have up to 124 colours in it, chosen by using a mixing palette before drawing work starts. The chosen colours appear in a band along the bottom of the screen, to be selected for use as needed by a movable electronic pointer.

Drawing functions are selected by moving the screen cursor to a menu row of icons (visual transmission of the data is also possible). There are four bureau at the moment in the UK, and five more are to be opened.

With an option called Flexscan, existing flat, monochrome artwork can be electronically digitised into Imaginator's memory in a few minutes, and can then be enhanced or modified. More in the UK on 0990 27312.

and the computer will do the rest. Images can be rotated, windowed, zoomed and there is a "rubberbanding" facility that allows apex angles or curves to be modified with one action.

Areas are filled with colour simply by placing the cursor in them, choosing the colour from the palette and pressing a button. Colour blending and air-brush effects can also be produced.

Text can be placed on the screen in any of 20 type faces, and there are 130 characters per font, including foreign language accents and characters. All type can be slanted, scaled, rotated, coloured and duplicated to allow creativity.

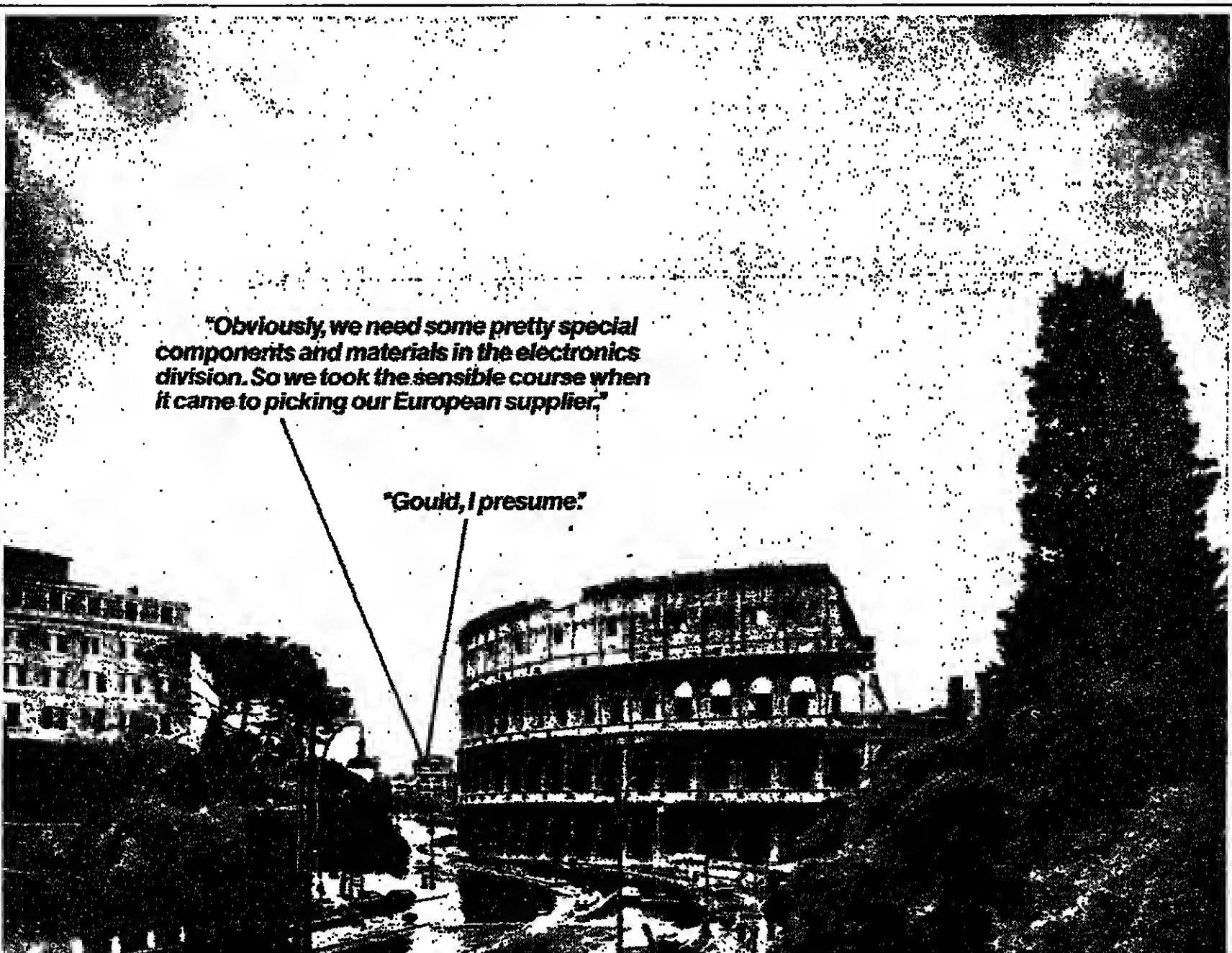
Word processing software is applied to the text creation task, and there is further special software that speeds up the production of business charts. The user just selects the chart format, enters the numeric data and the chart is drawn on the screen immediately.

As each picture is completed it is held on floppy disc (over 100 average images per disc) and can be extracted in a few seconds.

Colour transparencies are made by placing the disc in a Dicomed image recorder either on the premises or at an authorised service bureau. Phone line transmission of the data is also possible. There are four bureau at the moment in the UK, and five more are to be opened.

With an option called Flexscan, existing flat, monochrome artwork can be electronically digitised into Imaginator's memory in a few minutes, and can then be enhanced or modified. More in the UK on 0990 27312.

GEOFFREY CHARLISH



With increased demand for electronics systems and equipment comes a need for ever-more-advanced components and materials. It's a need that Gould - a leader in world electronics in its own right - is well placed to satisfy.

Because Gould is the largest international supplier of the ultra-fine copper foil used for printed circuit boards, as well as being the world's biggest commercial producer of custom-built semi-conductors. And with a commitment to double manufacturing and sales in Europe over the next few years, Gould is probably going to play a bigger part in your life than you realised.

Components and materials form just one of Gould's six strategic product areas. The others are high-performance 32-bit minicomputers, factory automation, test and measurement, medical electronics and defence electronics; all markets in which sales are growing significantly - and all markets in which Gould products have a strong competitive edge.

To find out more about our company, our growth strategy and our products, write to Gould, Department A8, Raynham Road, Bishop's Cleeve, Hertfordshire, CM23 5PF, England.



## WASHINGTON. NEW TECH UNITS ON NATURE'S DOORSTEP

In Washington, Tyne and Wear, we've planned your perfect working environment. Situated in a mature woodland setting, yet only five minutes drive from the A1(M) motorway, a choice of attractive terraced units offer modern facilities for new technology enterprises - and a wide range of other activities.

Available in sizes of 761 sq ft, 771 sq ft and 1,061 sq ft, each fully equipped unit has full wall glazing front and rear, hygienic facilities, a lobby, and ample parking space. A British Telecom communication network is available, as are full support and counselling services for new starters and possible grants. You'll find our lease terms are very attractive too.

Washington's a great place to live in. Only 15 minutes from the centres of Newcastle and Sunderland, you'll enjoy the finest new town facilities in the North East. They include a huge indoor shopping centre, leisure park, health centre, library, wildlife park, and a fine choice of executive housing.

Makes the move up to that new tech unit now! For further details contact: Norman Batchelor, Commercial Director, Washington Development Corporation, Usworth Hall, Stephenson, District 12, Washington, Tyne and Wear NE37 3HS. Tel: (091) 416 3561. Telex: 537210 DC WASH G.



Washington. In a word, success!



## JOBS COLUMN

## Latest indicators of executive pay levels

BY MICHAEL DIXON

LIKE "THE merry cuckoo" to the poet Spenser, the accompanying table is the Jobs Column's messenger of spring.

Compiled from the early-year salary survey made by the Reward Organisation, it has appeared in this corner of the FT at around England's vernal equinox for more years than I care to recall. (A counterpart table drawn from the mid-year survey by the same organisation also appears around the autumnal equinox but, with the daffodils flowering, I'd rather not think of that now.)

The figures given here are but a small extract from the full survey based on 14,411 items of pay information provided by more than 600 companies, big and small, covering a wide range of industries in Britain. Readers wanting to know more should contact Bill Coudrey of Reward at 1 Mill Street, Stone, Staffordshire ST15 8BA; telephone 0785 814554.

My list contains 14 different executive specialisms, besides the "all top-rank managers" line at the bottom. In each case the figures refer to the rewards of the executive ranked immediately below director in the particular specialism, although in small companies he or she may be on the board while doing the same sort of work.

The left-hand two columns of money figures give first the

	Lower quartile		Median		Upper quartile	
	Basic salary	Total money reward	Basic salary	Total money reward	Basic salary	Total money reward
Most senior manager below rank of director*						
Finance and accounting	14,499	14,584	14,880	17,250	14,873	15,125
Marketing	12,263	13,344	15,750	16,000	12,890	13,890
Scientific department	13,103	13,402	15,732	15,732	14,600	16,600
Company secretarial	13,146	13,454	15,470	16,425	14,898	15,000
Computing	12,997	13,000	15,030	15,377	14,261	14,500
Research and development	12,377	12,627	14,910	15,000	13,438	13,809
Sales	12,750	13,018	14,480	15,500	13,500	14,040
Engineering	13,000	13,324	14,575	14,841	13,481	13,745
Personnel	11,730	11,837	14,264	14,899	13,833	14,200
Purchasing	12,591	12,818	14,100	15,030	13,372	13,772
Administration	11,625	11,700	13,923	14,195	12,468	12,600
Production	12,078	12,236	13,760	14,000	12,980	13,208
Quality assurance	11,238	11,328	13,161	13,161	10,975	10,975
Distribution	10,800	10,954	12,100	12,208	11,076	11,300
All top-rank managers	12,662	—	15,000	—	13,867	—

\*In smaller companies could rank as director, otherwise reporting directly to Board-level.

basic salary and then the total rewards received in cash of the lower quartile manager who would come a quarter way up from the bottom in a ranking by pay of all doing similar work at the same rank. The

total rewards include all pay in money such as bonuses, but not refunds of expenses nor estimates of the annual value of perks like company cars. The next set of four columns refer to the median executives who would come half way up the pay ranking in each instance. Of the four columns, the first two give basic salaries and total rewards as revealed by this year's survey and the second pair in brackets give the

corresponding amounts shown by the survey 12 months previously. Then come this year's basic salaries and total rewards for the upper quartile executives ranked a quarter way down the pay league. Finally we have the percentage of the executives in each category who enjoy a company car among their benefits.

Please, before drawing any conclusions on the basis of the table, would readers bear in mind that no salary survey can provide better than a rough sketch of the real state of pay.

To compensate for the time lag between collecting and publishing the data, Reward recom-

mends that all salary figures should be increased by 1.5 per cent.

Compared with the overall median basic salary of £15,000, the medians for each of the different regions varied as follows: Greater London Council area higher by 15.3 per cent, and Scotland including the Aberdeen area by 8.4 per cent.

The median for south-east England apart from the G.C. area was identical with the overall £15,000 figure. All the other regions were lower: East Anglia by 3.3 per cent, north-east England by 5.0, the north-west by 7.5, the south-west by 10.0, and West Midlands by 11.4 per cent.

Variations by company turnover on the same basis were: Higher—£100m-plus by 13.5 per cent, £40m-£100m by 12.7, and £15m-£40m by 2.9; lower—£5m-£15m by 5.0, and up to £5m by 10.0 per cent. The variations by numbers employed were: Higher—4,001 and more by 14.7 per cent, 1,001 to 4,000 by 8.8, and 501 to 1,000 by 4.0; lower—201 to 500 by 6.0, and up to 200 by only 3.3 per cent.

## Sales leader

RECRUITER Vivian Lawrence of Guy Redmayne and Partners seeks a London-based sales and marketing director for the financial services division of the Hoskyns Group, part of the U.S. Martin Marietta Corporation.

The division, which supplies Hoskyn's computer-based systems specifically to financial services companies, does not have its own sales and marketing operations yet. The prime tasks of the new recruit, under divisional managing director Simon Orme, will be to recruit and develop an effective sales force and set up a marketing group to provide market intelligence including names of prospective customers.

Candidates need success in selling comparable services in similar markets, and demonstrable ability to train and lead salespeople. Some travel overseas as well as in the United Kingdom will be required.

Salary about £25,000 plus bonus. Car among other perks. Inquiries to Mr Lawrence (i.e. not to Mr Orme) at 18 Grosvenor Street, London W1X 9FD; tel 01-499 0358 or 2810.

## Finance head

A SENIOR financial manager, able to pick winners from high-risk proposals and handle complex financial strategies, is sought by Geoffrey King of Cambridge Executive Search (1a Rose Crescent, Cambridge CB2 3LL; tel 0223 311316) for a £100m-turnover international company he may not name.

So, like his counterpart below, he will abide by applicants' requests not to be named as yet to the employer. Duties include general management as well as all aspects of finance. Base East Anglia.

Salary up to £50,000 or more, plus car.

## Gulf personnel

ROY WEBB of Jonathan Wren International (170 Bishopsgate, London EC2M 4LL; tel 01-693 1266, Telex 8854673) seeks a personnel chief with international big-company know-how including tax-effective pay strategies for Arab bank in the "Lower Gulf".

Salary not quoted, but I'd guess U.S.\$100,000 free of local tax. Free furnished accommodation and car among perks.

## Financial Specialists

Currently seeking  
£15,000-£20,000

The Executive Division of Michael Page Partnership specialises in the recruitment of senior financial executives to work in industry and commerce.

We are continually seeking high-calibre qualified accountants of outstanding ability and achievement, within the age range of 25 to 35, to take up senior financial management appointments in the medium to long-term. Candidates will have the necessary personal qualities and professional expertise to make a significant contribution to corporate operations at a senior level.

Interested applicants should write to Andrew Sales, FCCA, Executive Division, enclosing a comprehensive curriculum vitae quoting ref 110, P.O. Box 143, 31 Southampton Row, London WC1B 5HY. Complete confidentiality is ensured.



Michael Page Partnership  
International Recruitment Consultants  
London New York  
Birmingham Manchester Leeds Glasgow

## Head of Research

International Stockbroker c. £40,000

We seek an unusual person who combines proven analytical ability with the confidence and management experience necessary to direct and motivate a small group of talented analysts.

Our client is one of the most rapidly growing member firms of The Stock Exchange, London, with a unique reputation in international circles.

The job calls for some depth of investment experience, preferably with a knowledge of Pacific Basin markets. Candidates would need to be well qualified academically and ideally will have worked directly in the field of investment analysis. The remuneration package envisaged is around £40,000 pa but could be more for a particularly well qualified candidate.

Please write in the first instance quoting reference 486 to Keith Fisher at Overton Shirley & Barry (Management Consultants), Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 0355.

Overton Shirley and Barry OSB

## MONEY DEPARTMENT BACK-UP

UK subsidiary of an overseas bank seeks Back-up Clerk for its money dealing room, covering commercial deposits and inter-bank activities in sterling and other currencies as well as foreign exchange operations. An attractive salary is being offered to an experienced person who can develop within the dealing room, and grow with an active and expanding banking company.

Write with full details and cv to: Box 4868, Financial Times, 10 Cannon Street, EC4A 3DF marking the envelope "Confidential"

TO PUT YOUR FINANCIAL HOUSE IN ORDER COME TO OURS We need potential Sales Executives who wish to be truly professional and whose present position offers them neither the scope nor the potential income to achieve their ambitions. Superb training facilities are provided in private and corporate investment techniques. Telephone: David Hall on 01-734 4658 or write to: HUI SAMUEL LIFE AND INVESTMENT SERVICES LIMITED 25 Soho Square, London W1V 5DG

## Foreign Exchange

City envisaged package c£30,000

We have been retained by a leading U.K. merchant bank to assist in the recruitment of an experienced foreign exchange dealer. Working with a small highly active team, the successful applicant will bring at least 5 years relevant experience in this field.

A successful proven track record, high motivation, and the capacity to deal competently in a variety of currencies are the essential qualities.

The remuneration envisaged presents an attractive package and the above is merely given as a general indication. The ability to train and manage staff while working closely with the Director responsible, are seen as further essential personal skills.

Interested candidates should contact Roger Tipples MA on 01-404 5751 or write to him at Banking and Finance Division, 23 Southampton Place, London WC1A 2BP. All applications will be dealt with in the strictest confidence.

Michael Page Partnership  
International Recruitment Consultants  
London New York  
Birmingham Manchester Leeds Glasgow

## Chief Eurobond Trader Head up Trading Activities

The London subsidiary of a major European bank is already firmly established as a market leader in FRN issues of its owner's country, and, including these, trades a total of approximately 60 issues. By appointing an experienced trader it now plans to strengthen and broaden its secondary market penetration, in parallel with its new development into primary markets, both of which form part of its long term policy.

Reporting to the General Manager, you will be involved in day-to-day trading with an emphasis on developing both existing and new trading relationships. You will be supported by a small but established team with access to fully computerised back-up systems.

You are aged 27-36, an intelligent professional, with several years trading experience and wide exposure to the different bond trading markets. You are also a manager and well used to developing ideas and business through both internal and external contacts.

An attractive remuneration package is offered which includes a negotiable salary, company car, subsidised mortgage, non-contributory pension scheme, etc. To arrange a confidential discussion please telephone or write in the strictest of confidence to Derek Cox of Cripps, Sears and Associates Limited, (Personnel Consultants), 88/89 High Holborn, London WC1V 6LH. Telephone: 01-404 5701.

Cripps, Sears

## With your knowledge of FOREX Why head for the Scrap Heap at 35

It is widely said that the pressures on FOREX dealers is so great they are burnt out at 35.

So surely any system that would substantially ease that pressure must be good news - and must sell.

And anyone given a free hand to open up the market in Britain for such a system could expect to make a killing.

Our client, Informatic-forum, a world leader in high technology FOREX systems, has such a system in VALUTA.

Specially developed for foreign exchange departments, it provides FOREX dealers with all the necessary information for their daily work. Fully integrated with all external services, data is automatically and constantly updated while the dealer is kept in communication with dealing room activities.

Already widely used in Scandinavia, central Europe and Canada, the system is now being successfully launched world-wide. Britain however could prove the most exciting challenge.

But to appreciate the true value of VALUTA

you must have an in-depth understanding of the FOREX market. To sell it you must also understand what makes a FOREX dealer tick and have wide contacts in the business and that is why our client is looking more to the FOREX market itself to find the right man or woman to spearhead the UK marketing operations. Selling and systems experience would of course also be ideal.

Based in London, the UK market would be your prime concern but you would also be expected to provide support to the company's international operations which would involve some world travel.

The remuneration package is negotiable at around £20K including car, plus commission. But that is only the beginning. Your prestige in the company would increase with the growth of this exciting new job - you could expect to go far.

In the first instance write with brief career details to William Kerr-Smith, Norconel Ltd, Recruitment Consultants, 64 South Audley St, London W1V 5FD. (01-492 0696)

## Ship Finance International Banking

Nordic Bank PLC, a member of the Den norske Creditbank Group, has a substantial commitment to international shipping finance. The current need is for a responsible and motivated individual to join a team of loan officers handling the Bank's shipping and offshore portfolio.

The successful candidate will be fully involved with developing and handling major account relationships and with the Bank's shipping lending services offered to customers internationally.

Ideal applicants, probably in the 25-35 age range, should have a relevant degree or professional qualification together with experience of world-wide shipping or offshore markets.

This challenging and responsible position calls for a positive individual who can make an immediate contribution to the department's activities. A competitive salary will relate to age and experience and will be supplemented by the full range of benefits normally available within the banking community.

Written applications should include full career details and should be sent to: T. O. KOLLINSKY at NORDIC BANK PLC, Nordic Bank House, 20 St. Dunstan's Hill, London, EC3R 8HY.

Nordic Bank



## INVESTMENT DIRECTOR U.S. Securities

Geoffrey Morley & Partners are one of the leading independent pension fund managers, with assets under management of £1¼ billion, of which some £250 million is invested in the USA.

We are seeking an additional Director with extensive experience of US markets, together with a working knowledge of the UK pension fund industry.

This appointment is at the highest level within our organisation and it is unlikely that anyone under the age of 35 years will have gained the necessary experience and stature for the position. A good degree or professional qualification is also desirable.

The remuneration package will be attractive and will include equity participation.

Applications, which will be treated in the strictest confidence, should be sent with a detailed curriculum vitae to: Norman Pilkington, Deputy Chairman.

GMP

Geoffrey Morley & Partners Limited

15 John Street, London WC1N 2EB

Telephone 01-405 4151/4

## JAMES CAPEL &amp; CO.

As part of our further expansion in fixed interest markets an opportunity exists for

A SALES EXECUTIVE  
in the  
SHORT DATED GILT-EDGED  
MARKET

Candidates should be highly motivated, with established contacts and proven track record. An attractive remuneration package and career progression will be offered to the successful applicant.

Please apply in strict confidence to:

James V. Church  
JAMES CAPEL & CO.  
Winchester House  
100 Old Broad Street  
London EC2N 1BQ

مكتبة الأمل



**ROYAL MILITARY COLLEGE OF SCIENCE**  
**FINANCE OFFICER**

The Royal Military College of Science, Shrivenham, Oxfordshire, provides a range of undergraduate, post graduate and post experience courses for military army personnel, and also supports an active research programme. From 1st August Cranfield Institute of Technology, a national centre for advanced teaching in technology and management, and in applied research and development will be taking over the civilian teaching and research activities at the college. We wish to make the key appointment of Finance Officer in the college's administrative organisation before 1 July. You will be responsible for the initial development and subsequent management of the accounting and personnel systems. You should therefore be a qualified accountant with wide ranging work experience.

Salary: £13,515 to £14,925

Application forms and further details are available from Personnel Department, Cranfield Institute of Technology, Cranfield, Bedfordshire MK43 0AL. Telephone Bedford (0234) 750111 extension 2237. Please quote reference 8/20. Completed application forms should be returned by 20 April.

## Corporate Finance Investment Banking

Deutsche Bank London Branch is seeking a key executive with significant investment banking marketing experience who will make a major contribution to its corporate banking business.

Aged around 30, the successful candidate will be a graduate and/or professionally qualified, with a successful fee earning record in merchant/investment/commercial banking.

Working with an experienced corporate finance team, the selected applicant will be creative in identifying, developing and marketing appropriate products for a broad range of existing and potential customers.

Applications, enclosing full career details, should be sent in strict confidence to:

The General Manager,  
Deutsche Bank AG London Branch,  
6 Bishopsgate,  
London EC2P 2AT. (Tel: 01-283 4600).

Deutsche Bank



## Domestic Banking

A vacancy exists for an exceptional young banker in this rapidly growing Department of one of the leading merchant banks. The work will be centred on negotiating and carrying through specialised financing packages for the Group's corporate customers. The successful candidate aged 25-30, will have a good degree and/or accounting or legal qualifications, and a thorough technical grounding in U.K. banking law and practice and will preferably have spent at least two years in a Bank operating in the City with a substantial U.K. business. We shall be looking for a proven record of creativity and thoroughness and an ability to get on with people.

We offer a competitive salary and a benefit package that includes mortgage assistance, BUPA, non-contributory pension scheme and free life insurance.

Applicants should write, in confidence, with full personal and career details to:  
Russell T. Smith, Personnel Manager, Kleinwort, Benson Limited,  
20 Fenchurch Street, London EC3P 3DB.

**Kleinwort Benson** *The International Merchant Bank*

## Senior Marketing Executives

### Industrial Hire Purchase

We are the United Kingdom industrial hire purchase arm of Grindlays Bank Group with pre-tax profits of £12 million for the year 1983 giving a return of 18.07% on shareholders funds as at 31 January 1984 and a 25% growth in total advances during that period.

We currently employ a total staff of 22 and are based in Glasgow with branch offices in London, Birmingham and Manchester. We provide a highly skilled professional service tailored to the needs of public and larger private companies for the financing of plant and machinery and vehicle fleets.

To meet the increasing demand we are seeking to recruit additional senior marketing executives to cover the following territories:

**LONDON & THE HOME COUNTIES  
YORKSHIRE  
NORTH EAST ENGLAND**

Applicants should be in the age range 28-38 and have several years recent practical experience in selling hire purchase finance to our market. Applicants must be self-motivated and able to demonstrate proven ability of this target market in one of the above geographical areas.

A generous salary is offered supplemented by a bonus based on individual profit earning together with company car, mortgage subsidy, BUPA membership and non-contributory pension.

If you have the required experience and enjoy the challenge and rewards of marketing finance to industrial companies, please telephone or write for an application form to:

Mrs. Gillian Sullivan, Group Personnel Department,  
**Grindlays Bank plc,**

PO Box 7, Minerva House, Montague Close, London SE1 9DH.  
Telephone: 01-626 0545, ext. 2175.



These appointments are open to men and women.

### EUROBOND DEALER

Good all round trader is being sought by a leading international bank with an active team, market makers.

### EUROBOND SALES EXECUTIVES

Are required by a leading European bank currently expanding their dealing operation.

### CREDIT OFFICER

An established international bank is actively seeking an experienced business development officer to join the existing team marketing the bank's services in the U.K. Excellent salary and generous benefits are envisaged.

### ACCOUNTANT

A fully qualified (ACA, ACMA) preferably with banking experience is required by a large international bank expanding their London branch.

**OLD BROAD STREET  
BUREAU LIMITED  
STAFF CONSULTANTS**

01-588 3991



## Investment Analyst

### - UK Equities

#### LONDON

up to £14,511

The Pension Funds Investment Department has a vacancy for an Investment Analyst to work within a small, progressive team in High Holborn. The successful applicant must be enthusiastic, self-motivated and able to demonstrate market flair and initiative as responsibility will be given at an early stage, and progression to fund management actively encouraged. The Funds under management are valued at over £2000 million.

Candidates, male or female, should preferably have a relevant degree or professional qualification, and 2-3 years experience with a similar organisation or stockbroker.

Salary will be in the range £12,762 - £14,511. Benefits are those normally associated with a large progressive organisation.

To apply, please write, quoting reference F/00196/009, giving full personal and career details to:- Assistant Personnel Manager (HQ Services), British Gas, 59 Brynston Street, London W1A 2AZ.

**BRITISH GAS**

## International Investment Manager

This is an important and challenging role for a highly experienced portfolio manager. Created as a result of expansion of our client base, the post's primary responsibilities cover two main areas. Firstly, to assist in the formulation of international investment policy for client funds; secondly, to handle the implementation of investment policy and the servicing of these accounts.

Personal and professional qualifications must meet understandably stringent requirements. We are seeking an individual in his or her mid 30's, someone who can demonstrate effective management/communication skills and a mature approach to problem solving. A strong background in North American markets and inter-market valuation techniques is essential.

An attractive remuneration package, including a car, preferential mortgage and all the usual banking benefits, will be offered; prospects are excellent for the right person. Please write in confidence, enclosing a detailed curriculum vitae, which should include current remuneration.

M. Forrester,  
Assistant Director (Personnel)  
County Bank Limited,  
11 Old Broad Street, London EC2N 1BB.

**COUNTY BANK**

National Westminster Bank Group

### Foreign Exchange

Treasury Managers, Chief Dealers, Senior Dealers

We are currently recruiting on behalf of a number of 'Prime Name' International Banks for above average individuals for:

\*HONG KONG \*LONDON \*USA  
\*FRANCE \*GERMANY \*SWITZERLAND  
\*BAHRAIN \*KUWAIT \*SPAIN

Remuneration packages will be negotiated according to seniority and location. Applications to:

Roger Parker, 4, London Wall Buildings, Blomfield Street,  
London EC2M 5NT.  
Organisation 01-588 8161 Telex 8811725 CITLON G.

## Top Executives

earning over £20,000 a year

Can you afford to waste nearly £2,000 a month in delay? Minster Executive specialises in solving the career problems of top executives. The Minster programme, tailored to your individual needs and managed by two or more partners, is your most effective route to those better offers, 75% of which are never advertised.

Our clients have an impressive record of success; many blue chip companies retain our services in the redeployment of their top people.

Telephone or write for a preliminary discussion without obligation—or cost.

**MINSTER EXECUTIVE LTD**

28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309 / 1085

## INVESTMENT MANAGEMENT

Refuge Assurance requires an Investment Assistant to join its small team based in London managing internal portfolios in excess of £1,000m.

The successful candidate will have at least 2-3 years experience with an investment institution or stockbroking firm, will probably be aged 23-30 and will have a degree or professional qualification. A competitive salary will be paid.

Applicants should write to John Cudworth,  
Refuge Assurance PLC,  
68 Pall Mall, London SW1Y 5EX

## PRIVATE CLIENT PARTNER'S ASSISTANT

A partner in a forward looking medium-sized stockbroking firm seeks a younger assistant to help deal with his burgeoning private client list.

The position will suit an enterprising person with some experience, able to work on his or her own initiative.

Please apply in the first instance to: Walter Judd Limited (Ref. L59), (Incorporated Practitioners in Advertising), 1a Bow Lane, London EC4M 9EJ.

## Increase your Responsibilities in Lending

You are in your mid to late 20's and have two to five years experience in UK lending/marketing. You now want to join a bank where you can influence the direction of new business development.

Our client is an established and forward looking British merchant bank with approximately 150 staff in London. Due to expansion they have created a new position in their small and highly successful new business department. You will be responsible for developing relationships with new customers and play a major role in creating new marketing ideas. You are currently working in a merchant/international bank

(ideally an Accepting House) and will have a banking, accounting or legal qualification. Highly self-motivated, you possess well developed analytical skills and enjoy working as a member of a small team.

For the right candidate the remuneration package will be extremely attractive including a competitive salary and all the normal banking benefits. Telephone or write in confidence to Barbara Lord at Cripps, Sears & Associates Ltd, (Personnel Consultants), Burne House 88/89 High Holborn, London WC1V 6LH. Tel: 01-404 5701 (24 hours).

**Cripps, Sears**

## CHIEF FOREIGN EXCHANGE DEALER

This substantial International Bank plans to set up a dealing room in its central offices in London. They seek a Bank of England approved dealer with a number of years experience in a senior capacity with an active trading bank; areas of dealing covered should be spot, forward, arbitrage and deposits. The successful applicant, aged 30+, will be given the responsibility to initiate systems, records, controls, etc. and to recruit his/her own staff.

**EXPORT FINANCE EXECUTIVE**  
to £14,000

Our client, the international trade division of a major UK Bank, wishes to strengthen its UK marketing team by recruiting an experienced Business Development Officer. Ideally aged between 25 and 35, the successful applicant will show a number of years experience obtaining mandates from UK companies to export their products to various overseas locations. Knowledge of exporting procedures is needed together with the general awareness of the requirements of clients in a dynamic market environment.

**Jonathan Wren** *BANKING DIVISION*  
170 BISHOPSGATE  
LONDON EC2M 4LX  
01-623 1266



## Don't let the company with the best solutions slip through your hands.



What is it about ICL's Business Systems that is saving British businesses time and money?

It could be the very best in sales back-up which we provide for our staff; or perhaps our advanced and reliable hardware such as the DRS8800 range or the System 25, ideal for distributed networks; maybe it's our vast range of software specifically designed to solve financial problems resulting from sheer operational size or volume; it may well be our team of major account sales managers used to handling multi-national or major corporation accounts. But we at ICL think you will find the answer comes from a finely balanced combination of all these things.

That's what we can offer you, but what you can offer us is insight into the world of finance. We feel that if you know

today's financial sector, then you'll know the contribution Information Technology is making.

Whether you come from a major computer company, selling Business Systems in the City or from financial institutions where you are familiar with computers, you'll feel that you can develop your talents by becoming an ICL Major Account Sales Manager.

With full product training you could be earning around £30,000 plus car and have the potential for much more because you won't let any opportunity slip through your hands... including the one that's facing you now!

To find out more talk to Lyn Blake on 01-741 1367 or 01-741 1352 or enclose a copy of your c.v. to ICL, Bridge House (North), Putney Bridge, Fulham, London SW6 3JX.

# ICL

We should be talking to each other.

Direct an international bank's entry into a new product area...

## Lease Marketing

City £18-£20,000 (negotiable) + benefits

Our client is a well established bank with a broad and interesting range of services. It is now actively seeking a highly professional executive to set up the UK leasing activities within an existing corporate finance team.

Marketing to new and existing clients, the role will encompass securing both lessees and lessors, providing various leasing services. Alongside developing a solid customer base, there is a necessity to establish systems for documentation and credit etc. The appointee will also become actively involved in non-leasing products.

Applications are invited from individuals with substantial lease marketing experience gained within a sophisticated environment. There is a preference for those with a professional qualification, such as Chartered Accountancy, and it is essential that candidates are highly mature and self motivated. The age range is late 20's/early 30's.

If you feel that your background meets the above criteria and that you are capable of undertaking this particularly challenging appointment, please telephone Nick Waterworth on 01-404 5751 or write to him at Banking and Finance Division, 23 Southampton Place, London WC1A 2BP quoting reference 3367.



**Michael Page Partnership**  
International Recruitment Consultants  
London New York  
Birmingham Manchester Leeds Glasgow

## Senior Treasury Appointment

### MANAGER

## OVERSEAS FINANCE

London based

£ neg + car

Our client is one of the UK's leading Industrial Groups (turnover in excess of £1 billion) whose products are acknowledged as market leaders worldwide. Its substantial overseas operations play a vitally important part in the Group's long-term strategy.

As Manager - Overseas Finance, you will take responsibility for the financing of overseas operations, from the identification and appraisal of funding plans and proposals to their negotiation and implementation, as well as providing advice and guidance to operational management on a wide range of associated areas.

This key Treasury role, requiring close contact with financial institutions, professional advisors and

senior management both in UK and overseas, will provide significant scope for personal initiative and responsibility, as supervision will be limited to the agreement of objectives and the discussion of conclusions and recommendations.

Practical exposure to overseas financing gained within a large international industrial/commercial concern, together with a high level of personal credibility are among the required attributes to fill this demanding and challenging role, for which a substantial salary and benefits package will be paid.

For a confidential exchange of information, please contact Neil Wax, Consultant to the Company, on 01-387 6400 (or out-of-hours on 0923 43633).

## FINANCIAL SELECTION SERVICES

DRAYTON HOUSE, GORDON STREET, BLOOMSBURY, LONDON WC1H 0AN

## Financial Appointments - Saudi Arabia

£30-35000 tax free

Accommodation package Married or Single status

Our clients, a major Saudi-German construction company have two appointments immediately available.

### Senior Finance/Administration Manager - Riyadh

The senior management function reporting to the General Manager. Responsibilities include all financial and accounting functions including negotiations with banks at senior level, administration of project accounts and the negotiation and administration of sub-contracts. Considerable experience at this level is essential and the likely age range is 40-50. Married status. Remuneration will be SR13-15000 per month - see below for benefits package. Ref: 6694

### Project Accountant - Dhahran

Reporting to the Senior Finance Manager will be responsible for all site accounts, sub-contractors progress payments, payroll, petty cash etc. Previous experience of site accounting work in the Middle East is required. Age range 30-50. Married or single status. Remuneration will be SR8-10000 per month plus benefits below. Ref: 6695

Both appointments offer fully furnished accommodation, company car, 50 percent of school fees, free medical, 42 days leave (50 home 12 local). Applications with full details to Bernard L. Taylor quoting appropriate reference.

**Mervyn Hughes**  
**Alexandre Tle**  
**(International) Ltd.**  
Management Recruitment Consultants



37 Golden Square,  
London W1R 4AN.  
01-434 4091.

## STRATEGIC PLANNING PROFESSIONALS

We require additional graduates, aged 28-40, with extensive experience of market analysis and accounting in multi-national manufacturing companies. Our consultants are expected to have the ability to act as constructive catalysts, communicate effectively with all levels in an organisation and to use the latest theories as aids in developing practical solutions.

Maynard are European practitioners who complement their own proven concepts and techniques with those practised successfully in North America and Japan to provide valuable inputs to the solving of on-the-ground problems encountered in UK industry.

The attractive salary and benefits package includes a car. Please write giving full details of your qualifications, experience and responsibilities, marking your application "Strategic Planning."

**HBMaynard**

22 Conduit Street, London W1R 9TB

International Management Consultants

## INTERNATIONAL BANKING

### U.K. CORPORATE MARKETING

One of the few genuinely expanding international banks in the City extends first class prospects to a young banker with successful experience of marketing lending and other services to the U.K. corporate sector. £15,000-£22,000

### FINANCIAL CONTROL

An opportunity in a major American bank for a young ACA with some exposure to international banking to apply his/her experience in a "line" situation, while also developing people management skills. £14,000-£17,000

### CREDIT ANALYSIS

a) Head of Credit unit - requiring management and motivational abilities as well as technical expertise. £16,000  
b) Credit Lending Team members - calling for sound basic credit training and experience, plus the potential for development... in credit line marketing. £12,000-£15,000

### DOCUMENTARY CREDITS

Responsibility will be for the full range of the bank's activities in the field of Documentary Credits, Guarantees, etc. together with involvement in customer services. £12,000-£15,000

Please telephone John Chiverton or Ann Costello

**JOHN CHIVERTON ASSOCIATES LTD.**

5, Castle Court,  
LONDON, E.C.3  
01-623 3361

## EUROBOND SYSTEMS

A highly self-motivated person with experience of Eurobond Settlements is required in a small, expanding company for a demanding position. Exposure to computerised systems desirable, but less essential than a wide background in a Bond environment. Flexible remuneration package with realistic base salary may include company car, profit bonus and individual pension scheme.

Reply to Box AS546, Financial Times  
10 Cannon Street, London EC4P 4BY

## Towards New Employment

If you want to re-establish yourself as quickly as possible CEPEC is the ideal organisation to help you. We have 14 years experience of helping senior executives to redeploy successfully. CEPEC will stay with you until you are satisfactorily resettled.

For more information please telephone:

London: 01-930 0322 Bromley: 01-460 8585  
Altrincham: 061-941 5797  
York: (0304) 642 490



## TOP EXECUTIVE APPOINTMENTS

As the leaders in the field of executive job search, we specialise in identifying appointments in the unadvertised vacancy areas. Selected high calibre executives are offered our unique success-related fee structure.

Contact us today for a free confidential assessment meeting (24 hour answering service).

**Connaught**

Executive Management Services Limited  
73 Grosvenor Street, London W1. 01-493 8504

## RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH  
Tel: 01-588 3588 or 01-588 3576  
Telex No. 887374 Fax No. 01-638 9216

# CJA

Opportunity to broaden experience with scope to enlarge responsibilities and significantly increase earnings

**CJRA**  
CITY

## P AND I UNDERWRITER—MARINE INSURANCE

£25,000—£30,000

### SPECIALIST MARINE MUTUAL INSURANCE ORGANISATION

For this appointment, we seek candidates of graduate calibre aged 30-35. At least five years in marine P & I underwriting is essential and candidates will already be managing this activity or deputising for a principal underwriter. Ideally this experience will have been gained in a leading marine club but applications from the general marine insurance market will also be considered. Reporting to the General Manager, the successful candidate will take complete charge of the P & I book, covering some 1200 vessels. Particular responsibilities are risk evaluation, contribution levels and re-insurance recommendations. The ability to relate to ship-owners' requirements and to negotiate directly with members is necessary. Initial salary negotiable £25,000-£30,000, non-contributory pension, free life assurance, permanent disability insurance, subsidised mortgage facility. Applications in strict confidence under reference PIU / will be forwarded unopened to our Client unless you like companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON, EC2M 1NH.

## Junior Foreign Exchange Dealers

### Junior Deposit Dealers

The London branch of the largest South African owned international banking group is seeking Junior Dealers to join their expanding operations in the Northern Hemisphere.

A minimum of two years' active dealing experience in most aspects of deposit and foreign exchange is essential. Personal qualities of self-motivation and enthusiasm will be a major factor in the selection process. Salary and benefits will reflect the ability and experience of the successful applicants.

Please reply fully, in confidence, to:

Mr. K. J. Wenden

NEDBANK LIMITED

20 Abchurch Lane, London EC4N 7AD



**NEDBANK**  
Nedbank Limited Registered Commercial Bank

A MEMBER OF THE NEDBANK GROUP

## Commercial Director

QED Product Design Company  
Welsh Border Location

c £18K - Mercedes - Profit Sharing/Shares Option - BUPA

This is a new position with QED, the successful and expanding electronics product design Company who are behind the Aprio microcomputer.

The appointment will ideally coincide with the imminent relocation of the Company to a new administration and design centre in a beautifully refurbished country house at a Welsh border location near the Forest of Dean.

The position responsibilities will include business development, formulation and management of effective financial policies and budgets, advice on the management of financial resources, administration of the company and generally the provision of overall commercial direction.

Candidates should preferably be qualified accountants and possess well developed business acumen. A successful record in general or commercial management will be necessary, preferably with an electronics industry background. Relocation costs will be met by the Company as appropriate.

Please write in confidence with comprehensive personal and career details to Digby A. Dyke, Managing Director (Recruitment Consultant) at the address below, or telephone him initially on Worcester (0945) 615112 office hours or Malvern (06845) 2216 evenings and weekends.

Computer Personnel & Executive Development Associates Limited,  
Old Bank House, Bank Street, Worcester, WR1 2EW.  
LONDON - BIRMINGHAM - WORCESTER

## OIL ECONOMICS

### RESEARCHER AND ANALYST

A state oil agency of a producing country requires an Oil Economic Researcher and Analyst for the Petroleum product section based in London.

The successful candidate must have an overall understanding of the international petroleum markets and the ability to write market reports built up through several years of experience in the oil industry at an international level in the field of oil economics, research, and analysis.

A salary commensurate with qualifications and experience will reflect very competitive levels within the oil industry. Replies containing a full c.v. should be sent to:

Mrs. G. Eaves  
129/130 Park Lane  
London W1

## UNIVERSITY OF EDINBURGH

### DEPARTMENT OF ECONOMICS

The Chair of Organisation of Industry and Commerce, in the Department of Economics, is vacant with effect from 1st October 1984. An appointment to this Chair would be an advantage to the Department and to the University. The successful candidate should have a high level of achievement in the field of industrial organisation, management, corporate finance and management economics. Further particulars of the post may be obtained from the Secretary to the University, Old College, South Bridge, Edinburgh EH8 9JY, to whom applications should be sent. The names of three referees should be lodged not later than 31st May 1984. Please quote reference No. 16/85.

مكتبة الأمل



### APPOINTMENTS WANTED

**TRADE FINANCE EXECUTIVE**  
Male, 28, HNC Business Studies, experienced in all areas including Documentary Credits. Presently seeking position in business development in banking or commerce. Write Box 4854, Financial Times, 10 Cannon Street, London EC4A 3DF.

**EXECUTIVES**  
Management/sales returning to U.S. from U.K. assignment will represent you in U.S. Write Box 4854, Financial Times, 10 Cannon Street, London EC4A 3DF.

**DO YOU REQUIRE A SOCIAL ASSISTANT**  
English lady, currently residing in West India, is desirous of finding suitable employment in this field. Mutual references exchanged. Write Box 4854, Financial Times, 10 Cannon Street, London EC4A 3DF.

### OPPORTUNITIES FOR CAREER MINDED CORPORATE FINANCE EXECUTIVES



Arbuthnot Latham Bank Limited, is the merchant banking arm of the Dow Scandia Banking Group. We are expanding our Corporate Finance Department to meet the growing demand for domestic and international corporate finance services. To assist with this expansion, we seek executives to work with a highly motivated team in an increasingly competitive market. We are looking for graduates with:

- \* an appropriate professional or business school qualification
- \* a minimum of 3 years' relevant experience with a similar environment
- \* the capability to introduce and develop ideas
- \* and if possible, overseas experience and/or fluency in a major European language.

A competitive salary and banking fringe benefits are offered. Please write with a full curriculum vitae to: Jaldid Ridlington, ARBUTHNOT LATHAM BANK LIMITED, 131 Finsbury Pavement, Moorgate, London EC2A 1AY.

### Chief Executive

c.£50,000+bonus

Our client is an important new venture in the field of export financing, backed by leading financial institutions and with the full support of The British Export-Finance Advisory Council. The company is now in a position to appoint the Managing Director, who will be the Chief Executive Officer. The successful candidate will be responsible to the Board for starting up and operating this exciting new venture. Candidates will have to demonstrate the entrepreneurial flair

required to establish the company as a successful commercial operation and the management skills needed to develop a highly professional organisation. Applicants must have broad management experience, a successful track record and be able to demonstrate that they possess the energy and vision necessary in order to build up a totally new financial service to British exporters which is expected to be a leader in its field.

In order to apply, please write with a full CV to Gavin Adam, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY. Please quote reference MCS/4005

**Price Waterhouse Associates**

### Investment Management

The Pension Scheme of the DCL Group of Companies has investments with a current market value in excess of £300M which are managed by a small team at its Head Office in Edinburgh. Within this Department a vacancy now exists for an Assistant to the Investment Manager who will be responsible for managing 17 equity sectors valued at approximately £50M.

He or she will be expected to contribute directly to the formulation and execution of the investment policy of the Pension Scheme; establish, develop and maintain appropriate professional contacts in the financial community; personally make investment decisions and monitor their performance; and will be required to assist in the valuation and general administration of the Fund.

Ideally aged 24-37, applicants must be graduates with not less than three years' previous relevant experience obtained with a stockbroker or an investment institution. They must also be highly numerate with good inter-personal skills and should have a sound knowledge of economics and accountancy.

In addition to an attractive basic salary there are subsidised restaurant facilities, 23 days' annual and 9 public holidays, relocation expenses where appropriate and, after a qualifying period, a non-contributory pension and BUPA membership.

Applicants should write or telephone for an application form to Mr. N. D. Macnaic, Investment Manager, The DCL & Associated Companies Pension Scheme, 12 Torphichen Street, Edinburgh EH3 5YT. Telephone No: 031-229 2468.

**The Distillers Company p.l.c.**

### CORPORATE FINANCE UK & US MERCHANT BANKS

£13,000-£25,000 + substantial benefits

Our clients, some of the City's most outstandingly successful specialists in all aspects of domestic and international corporate finance, are seeking a number of above-averagely talented and ambitious Chartered Accountants and Solicitors aged 25-32. Applicants, almost certainly graduates, will have trained with a large City firm and should ideally have had some post-qualifying experience relating to corporate finance. A mature, creative and analytical approach is essential for these challenging positions. Ref: 3841.

### ASSISTANT MARKETING MANAGER

to £20,000 + benefits

Our client, a major European bank with a rapidly-expanding London operation, is seeking an Assistant Manager to establish its commercial banking function, concentrating on "blue chip" corporate clients.

Prospective candidates should have at least three years' calling experience within the UK corporate market and a familiarity with a variety of bank products. A good degree is preferable but equally important is an outgoing and ambitious personality and a successful record in UK marketing and lending. Ref: 3842.

To arrange an informal and confidential meeting at which these opportunities can be discussed in more detail, please contact Robert Dwyer, B.A.

**Badenoch & Clark**  
Recruitment Consultants  
16-18 New Bridge Street, London EC4V 6AU  
Tel: 01-353 1857

### Our next move is to the North...

### Yours could be to join us.

From 1 July this year, as part of our regional expansion policy, a new consultancy base will be established in the Northern area to service clients of Ernst & Whinney's offices in Hull, Leeds, Manchester, Newcastle-upon-Tyne and Sheffield.

We require additional professional staff who have the desire and ability to develop their own and new skills across a wider spectrum of business. Qualified accountants will form an important part of this team. We are particularly interested in people currently in the Leeds and Manchester areas.

You should have a university degree, a good professional examination record and at least three years post-qualifying experience in sizeable industrial or commercial concerns or in another consultancy. The preferred age range is 28-35. In return we offer an attractive remuneration package, the challenge of being part of a new, developing team and the opportunity to gain the breadth of experience which a major international firm can give.

Please write to L. J. Allen, enclosing a full academic and career history and quoting reference F134 on the envelope and letter.

**EW Ernst & Whinney Management Consultants**, Cloth Hall Court, 14 King Street, Leeds LS1 2HL.

### Sales Manager Major Unit Trust Managers

£25,000 + Bonus + Car + Benefits

Our client is a leading firm of Unit Trust Managers, part of a large, well known, financial services group, who wishes to make a new appointment, a Senior Executive to develop sales of Unit Trusts and other investment services through intermediaries. This is a key appointment reporting directly to the Managing Director. It carries responsibility for sales strategy, the achievement of growth and the development of a successful team.

The position calls for an executive who has achieved success in managing the sales of investment financial services. These could include experience in Unit Trusts, Banking, Stockbroking or Insurance.

Remuneration includes a salary not less than £25,000 p.a. with an additional bonus for achievement, a company car and normal senior executive benefits.

Please write or telephone in the first instance to:

**Martin Gwinnee, Consultant to the Company,**  
Marlar International, 14 Grosvenor Place,  
London SW1X 7HH. Tel: 01-235 9614

### International Economist

Our client, a leading firm of City stockbrokers, requires an additional international economist to supplement its existing economics team.

The ideal candidate would be well qualified with several years of experience covering the major economies. He/she should be fully numerate, literate and articulate and used to working to tight deadlines. Knowledge of a foreign language would be advantageous.

Please write in confidence with full details to:

**Rupert White**

**DAVID SHEPPARD & PARTNERS LTD.**  
21 Cleveland Place,  
London SW1V 6RL

All positions advertised by David Sheppard & Partners Ltd. Executive Search Consultants are open to both men and women.

### WANTED: SLIGHTLY USED EXECUTIVES

If you are an able, experienced executive or professional person, yet somehow are not making the most of your potential, perhaps you need a new approach to your career. To learn how 'slightly used' executives have profitably renewed their careers, telephone for an appointment which could lead to some four hours free consulting — or send us your c.v.

**CHUSID**  
The Professionals in Career Management

London: 01-280 6771, 35-37 Fleet St., W1P 5AF.  
Birmingham: 021-222 4241, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

### Directors • Senior Executives

**ARE YOU JOB HUNTING PROFESSIONALLY?**  
With a reputation for excellence, Europe's most experienced Recruitment Organisation offers a special service for senior executives who are job hunting on their own.

Telephone now for a free confidential discussion with a Senior Consultant to establish all the benefits of using professional services.

London 01-589 2277  
Midlands 021-632 5491  
West/Wales 0225-533 841  
North 061-635 1450

**COUTTS & CO. LTD**  
25 WHITEHALL, LONDON SW1A 2ST.  
01-559 2271

### PRINTING EXECUTIVES

**DO YOU KNOW YOUR WAY AROUND THE CITY?**  
Large public company seeks young-to-mid 20's energetic person to sell a wide range of innovative products in this growing sector of the commercial print market. In banking, insurance companies, finance houses — you will know the decision makers.

Attractive salary for the right person (incentive and bonus schemes operate). Previous selling experience useful but not essential. Apply in writing to Box 4852, Financial Times, 10 Cannon Street, London EC4A 3DF.

### PERSONNEL/ADMINISTRATIVE OFFICER

Required for new City financial institution. Administrative Officer with sound City personnel/office management background and excellent references to report to Managing Director.

Apply in writing with full c.v. to Box 4852, Financial Times, 10 Cannon Street, London EC4A 3DF.

### Investment Manager — Venture Capital

c. £20,000 : City

Our client, a leading institutional investor with a high reputation in this exciting investment area, requires an additional manager to join its existing management team in the City, in the full range of company categories and industrial sectors.

Reporting to a director, the successful applicant will review investment opportunities, set company objectives and monitor performance.

Applicants should hold a relevant professional qualification and preference will be given to those with industrial or direct investment experience.

Salary will depend on qualifications and experience, and excellent conditions of service include generous leave.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. M. Hordev ref. 2.1598.

This appointment is open to men and women.

**HAY-MSL Selection and Advertising Limited**, 52 Grosvenor Gardens, London SW1W 0AW.  
Offices in Europe, the Americas, Africa, Australia and Asia Pacific.

**HAY-MSL**  
CONFIDENTIAL ADVERTISING

### INSTITUTIONAL SALES DEPARTMENT

Well-connected medium-sized brokers need additional experienced person for senior position in above department. Possible future partnership available and good progressive remuneration.

Apply with full c.v. in strictest confidence to Box 4855, Financial Times, 10 Cannon Street, London EC4A 3DF.

### افتتاح مؤسسة بريطانية أردنية جديدة في لندن

عنا قريب تفتح في حي السني مؤسسة مالية غامرة في الملكية المتحدة تشترك في ملكية أسهمها برك أردنية. مطلوب موظفون متمرسون بأعمال الصرافة يجيدون العربية، في السكنين الإداري والكفائي، مع دراية عميقة بجزائير الأردن المالية والاقتصادية.

تفضلوا بالاصصال هاتفياً: ٣٧٧/٨٦٠٠ وإظروا علامة الجرافيت هجرور.

### MAJOR U.S. INVESTMENT FIRM

looking for candidates for money market/government securities sales. Looking for people with minimum 2-3 years selling experience. Competitive salary/benefits. Write Box 4853, Financial Times, 10 Cannon Street London EC4A 3DF.



# International Appointments

## ETUDES ET PRODUCTIONS SCHLUMBERGER

### Manager cost accounting

South Paris

EPS, part of the Schlumberger Oilfield Service Group, designs and manufactures high technology tools used in oil and gas exploration.

We are currently seeking a young (28-30) French speaking graduate accountant (ACMA, ACCA, CA) with high potential, initially to take charge of our cost accounting and inventory control section. The assignment includes active participation in the development of new systems. Four years experience, including at least two in a manufacturing cost environment are required. In addition to a good knowledge of D.P.

Career prospects are good for an internationally mobile individual. Schlumberger offers a competitive salary and attractive benefits and relocation package. A Common Market passport would normally be required to work in France.

Please send a detailed Curriculum Vitae in confidence to: Etudes et Productions Schlumberger - 26, rue de la Cavée - 92140 CLAMART (France).

Schlumberger

## EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of expatriates and nationals worldwide.

01-637 7604

## FUNDS MANAGER

(MAJOR NEW ZEALAND ORGANISATION)

**THE CHALLENGE...** Responsibility for the development, operation and computerisation of a funds management system incorporating the day-to-day control (including foreign exchange exposure) of substantial funds off-shore ranging between \$400 and \$500 million and those held domestically; also to provide comprehensive advice on international borrowing and investment facilities. This position offers considerable scope for an innovative approach and measurable achievement.

**THE PERSON...** Will probably be in early thirties with appropriate professional qualifications and significant related experience which may have been gained in a financial institution or in industry; must be familiar with international and local money market opportunities, foreign exchange transaction procedures, forward cover facilities and cash fund management. Above average communication and negotiating skills are essential.

**OUR CLIENT...** Is soundly established in New Zealand with extensive overseas affiliations, and an enviable record of successful diversification and growth in export marketing. This Wellington based position offers a unique opportunity to work in a professional environment and to contribute significantly to profitability.

**APPLICATIONS...** Confidential. Please apply giving full particulars of qualifications and experience together with any other relevant information mentioning assignment number ES-576. Initial enquiries may be made by telephoning 843-792 Wellington, New Zealand.

**JOHN P. YOUNG & ASSOCIATES (N.Z.) LTD.**  
P.O. Box 3143, Wellington, New Zealand, Ph. 843-792  
AND AUCKLAND, MELBOURNE, SYDNEY, BRISBANE, NEWCASTLE, ADELAIDE, PERTH, U.K. & U.S.A.

## MARKETING DIRECTOR PROFESSIONAL PRODUCTS DIVISION

### COMPANY:

The Middle East Regional Office of a leading multi-national Pharmaceutical Company having overall management and marketing responsibility for a range of pharmaceutical and proprietary products.

### LOCATION:

Athens - Greece.

### REPORTS TO:

General Manager, Middle East Region.

### THE JOB:

- Complete responsibility for marketing and sales activities on total Middle East territory basis assisted by product management and sales administration staff.
- Close co-ordination with Company's regional distributors and liaison with various supply locations towards maximization of sales and profits.
- Participation in the formulation of Company's marketing and sales promotion plans as well as assisting general management in operating plan submissions.
- Effective planning of new product introductions despite increasing registration constraints.
- Development and expansion of Company's overall sales effort through emphasis on training of sales force and field management.

### THE CANDIDATE:

- Pharmacist degree or similar specialization.
- Proven experience in the pharmaceutical industry relative to Marketing/Brand Management and Sales functions.
- Communication skills are essential with fluency in English. Arabic a definite advantage.
- An Arab National is desirable. Previous experience in a similar capacity in the Middle East is essential.
- Mature, dynamic individual with a positive personality up to 45 years of age with proven ability to work independently.

### COMPENSATION:

Attractive basic salary and allowance, benefit programme plus Company car are offered.

Interested candidates meeting above requirements are invited to mail their Resume with mailing address and telephone number to the following address.

LEO BURNETT ADVERTISING S.A.  
18, ACADEMIA ST. - 106 71, ATHENS GREECE

All applications will be treated in strict confidentiality.

## Commodity Trader

Führungsfunktion in deutschem Konzern

Unser Klient ist eine bedeutende deutsche Firmengruppe, die im Produktions-, Handels- und Dienstleistungsbereich weltweit tätig ist. Der Handel mit Rohstoffen gehört zu den besonders erfolgreichen Aktivitäten des Konzerns.

Für einen professionellen Rohstoffhändler (vorzugsweise Soft Commodities) bietet sich dort die Chance, eine Führungsfunktion zu übernehmen und das internationale Handelsgeschäft mit bestimmten börsenabhängigen Rohstoffen zu pflegen und auszubauen.

Diese Funktion verlangt eine solide kaufmännische Ausbildung und mehrjährige Erfahrung im internationalen Produktions- und Industriegeschäft. Die Beherrschung der Importtechnik, der Warenbörsen- und Devisentransaktionen sowie der Bank-, Versicherungs- und Frachttariffancen setzen wir voraus. Die Verhandlungen im In- und Ausland erfordern ein überzeugendes Auftreten und sehr gute Englischkenntnisse.

Wenn Sie glauben, den hohen Anforderungen der Position gerecht zu werden, und Sie die beruflichen Entwicklungsmöglichkeiten im Konzern interessieren, sollten Sie unter der Kennziffer FT 1222 mit unserem Berater, Herrn Wolfgang Reiser, schriftlich oder telefonisch (0611-7109-232) Kontakt aufnehmen. Er garantiert absolute Diskretion und wird Ihre Bewerbung erst nach einem persönlichen Gespräch mit Ihnen an unseren Auftraggeber weiterleiten.

PA

PA Personalberatung

Wiesbaden 27-29, 6000 Frankfurt (Main) 1, Tel.: 0611/7109-1  
Ein Unternehmen der PA Consulting-Gruppe

## MINING ANALYST

ST Australia Limited, one of Australia's leading merchant banks and manager of A\$1.7 billion in pension funds, is seeking an

### EXPERIENCED MINING ANALYST

to join its performance-orientated investment management team. A prime requisite is a mining qualification with experience in the securities industry desirable but not necessary. The appointee will participate in the department's in-depth investment research effort and also assume portfolio management responsibilities. It is envisaged that the appointee will be in the 25-35 years age group, although outstanding applicants outside this range will be considered. A very attractive remuneration package is negotiable and includes an incentive bonus scheme. Applications will be treated in the strictest confidence and should be addressed to:

The Investment Director, ST Australia Limited  
Level 40, Australia Square, Sydney, N.S.W. 2000, Australia

## Papua New Guinea Department of Primary Industry

Applications are invited from suitably qualified and highly motivated personnel for the following position in the Department of Primary Industry.

### National Cocoa Adviser

Salary K20,520 p.a. (£16,005)

To coordinate and monitor the national cocoa programme, to advise the Government on current trends within the cocoa industry and to organise specialised training programmes for farmers.

### Qualifications:

Diploma in Agriculture together with extensive knowledge of the cocoa industry and experience in extension work with smallholder and village projects in a developing country.

Salaries are payable in Papua New Guinea Kina. The Exchange Rate varies from time to time, but on 28th March, 1984 it was £0.78 = K1.00.

### Benefits

3 year contract initially, 24% Gratuity of annual salary. Free married/single accommodation. Airfares to and from Papua New Guinea. 6 weeks annual leave. Generous Education Subsidies.

Please write or telephone for application forms and further details, quoting Reference Number VIS/DPI/8, to Recruitment Department, Papua New Guinea High Commission, 14 Waterloo Place, London SW1 4AR. Telephone Number 01-930 0922. Telex 25827 Kundu.

Closing date for applications 26th April, 1984.

Papua New Guinea



## Financial Controller

Saudi Arabia

c£23,000 tax free

Our client, a market leader in the retailing and wholesaling of foodstuffs and industrial contract catering employs over 5,000 people and operates in 20 countries worldwide.

A financial controller is sought for Saudi Arabia, to be based in Jeddah.

Reporting to the General Manager, the successful applicant will have full functional responsibility for the total accounting service and co-ordinate and control the financial aspects of the four regional operating divisions.

This senior role demands an individual with technical expertise, strength of character and excellent man management skills. A qualified accountant (aged 30-35), you will have an impressive overseas career record to date, preferably in a similar location.

Single/married applicants with the presence and personality to succeed will be offered an attractive salary together with a substantial benefits package.

Interested applicants should contact David Nicholson ACA on 01 831 0431 at Michael Page International, Sicilian House, Sicilian Avenue, London WC1A 2QH, quoting reference: DM 639/FT.



Michael Page International  
Recruitment Consultants  
London New York  
Birmingham Manchester Leeds Glasgow

## Investigations Accountant Independent Commission Against Corruption Hong Kong

HK\$14,010 - HK\$18,170 p.m. neg. + HK\$700 post allowance

A qualified professional accountant is required by the Commission to head the Accountancy Support Unit of its Operations Department.

The successful candidate will be responsible for co-ordinating enquiries regarding accountancy matters and will provide advice to the Commissioner, the Director of Operations and senior staff on finance related matters.

Applicants should preferably be over 35 years of age and possess at least 10 years relevant working experience ideally with the investigations department of a major professional firm.

Promotion prospects are good and a gratuity of 25% of basic salary is payable on satisfactory completion of 2 1/2 years service.

Other benefits include low taxation, free medical and dental treatment, free passages for officer, wife and children, full-pay leave on completion of tour, with 12 days local leave per annum. A good standard of accommodation is provided for which an officer pays 75% of his basic salary. Education is not free but officers will receive an education allowance towards the cost of children attending school in Hong Kong. An allowance may also be payable in certain circumstances for officers whose children are being educated in the U.K.

Application forms may be obtained from the Commissioner, Hong Kong Government Office, 6 Grafton Street, London W1X 3LB. Interviews will be conducted in London in May 1984.

Hong Kong Government

## GENERAL MANAGER

BANKING - CAYMAN ISLANDS

A newly established Cayman Island Bank requires an experienced Merchant Banker as General Manager. Applicants should have all round experience of investments, Eurobonds and Corporate Finance. Preferred age 35-45. An excellent remuneration package together with first class accommodation is offered.

Please reply in confidence enclosing a detailed C.V. to:  
Box A8539, Financial Times  
10 Cannon Street, London EC4A 4BY

## INTERNATIONAL

APPOINTMENTS

APPEAR EVERY

THURSDAY

Rate £34.50

Per Single Column

Centimetre

## GOULD Electronics

manufactures and sells a range of instruments in the pulmonary diagnostic and blood measurement markets.

On behalf of our distributor in the Middle East:

### HAZAR EST.

headquartered in Riyadh, Saudi Arabia, we are looking for a

## sales engineer

to promote and sell our cardio-pulmonary products in the Middle East.

Applicants should have experience in pulmonary function testing, preferably a technical background and some years of experience in sales.

The person appointed, will be employed by Hazar Est., and stationed in Riyadh - Saudi Arabia.

Please reply in writing to

M. Meyer, Export Manager Cardlo Pulmonary Products, Gould Medical B.V., Jan van Eycklaan-2, P.O. Box 73, 3720 AB Bilthoven, The Netherlands.

مكاتبنا الأصل



# Accountancy Appointments

## Management Consultancy (Partner Designate)

### Cardiff

£25,000 + car

Our client is the Management Consultancy Division of one of the "Big 8" firms of Chartered Accountants. They currently seek to expand their Cardiff operations by recruiting a front line Manager. Initially, the appointee will act in the capacity of Senior Consultant, undertaking a variety of development assignments. Responsible for a small existing team, the successful applicant will be expected to build and lead the expansion and development of this major growth market. It is consequently envisaged that Partnership status will be achieved within a short period. Candidates will be Qualified Accountants, preferably graduates, aged 30-35 with considerable senior management experience in an industrial environment. Total consultant, acute commercial acumen, excellent man-management skills and the determination to succeed are pre-requisites for this challenging role. Essential qualities will include a lively outgoing personality, assertiveness, high energy level and strong intellectual abilities. Financial rewards are limited only by the ability and expertise of the individual. An attractive remuneration package is offered including a company car, and relocation assistance is available. Interested applicants should write to John Cockerill, B.Sc., FCA, Executive Division, quoting ref: 106 enclosing a comprehensive curriculum vitae, at PO Box 143, 31 Southampton Row, London WC1B 5HY.



**Michael Page Partnership**  
International Recruitment Consultants  
London New York  
Birmingham Manchester Leeds Glasgow

## Financial Controller (Director Designate)

### US Leasing

### Central London

to £25,000



**Arthur Young McClelland Moores & Co.**  
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

As a subsidiary of a major US multi-national financial and personal services group, the company was formed as a result of a diversification programme some four years ago. Though lean in headcount, success has been considerable. Continuing new business and an exciting product development with enormous potential will increase activity and profitability considerably over the next year, and beyond.

Promotion of the Financial Director has created an urgent need for an experienced, qualified accountant to take over the senior financial position. The role takes full responsibility for tight accounting and administrative controls and the continuing development of responsive computer systems, particularly to cope with the anticipated new business area. The main thrust, however, comes in the active participation in commercial decision making, as part of the management team.

This is a stimulating and demanding role within a high growth, high profile organisation. Candidates will be qualified accountants, preferably with a numerate degree. Clearly demonstrable evidence of success in the small sophisticated fast-moving service environment is essential. Strong personal presence coupled with intellectual agility and proven commercial skills are demanded to meet the company's exciting management profile. Previous exposure to the complex ramifications of lease financing will be seen as a distinct advantage. Preferred age: 30s. Please reply in confidence giving concise career and personal details and quoting Ref: ER 661/FT to ID Tomisson, Executive Selection.

**Arthur Young McClelland Moores & Co.**  
Rolle House, 7 Rolle Buildings,  
Fetter Lane, London EC4A 3NF.

## Financial Controller

Over 28

Package negotiable to £20,000

Immediate responsibility is to be for all aspects of finance and administration in a small, but entrepreneurial, computer consultancy and training company with a head office in Central London. The company has established a remarkable reputation in a relatively short time, and has achieved high market acceptance of its professional services. This is a new appointment. Turnover and profits are rising in UK and overseas. Group revenue will be over £3m. In the current year. The new man or woman is expected to give wise and realistic advice to a dynamic Board of Directors. One of the first assignments will be to select and install a financial

management information system to assist with forward financial planning, budgetary control and judging risks. This is a demanding appointment for an experienced young qualified accountant aged around 30 who seeks success in a company with the potential to expand. Those with all round ability will expect early promotion. The initial remuneration package is flexible and includes a car and, after a qualifying period, a bonus and share scheme. Please write in confidence, or telephone quickly for an application form on 01-439 4509, to R.N. Orr quoting client reference M1251.

**Roland Orr**

Management Consultants

35 Piccadilly, London W1V 9PB Telephone 01-734 7282

## Line Accountants seeking intellectual challenge & technical development London & Birmingham £15-25000+car

Management consultancy with Deloitte Haskins & Sells offers you:

- intellectual challenge by working with bright colleagues on demanding client problems
- varied experience through exposure to different industries, management styles and systems
- freedom from the routine and frustrations often found in line management

To join our young lively team, you'll need to be aged 26-35 with a good degree, an accounting qualification (ACA, ACMA or ACCA), and a successful track record in industry or commerce. Determination, tact, self-confidence and the ability to communicate fluently are essential personal skills.

As for the rewards and prospects, they're excellent. Development through individually tailored training programmes. Rapid promotion based solely on merit. And a remuneration package which, quite simply, demonstrates we're after some of the best financial brains around - a salary in the range £15-25,000 and benefits include a car.

Tempted by the challenge? Then send full personal and career details to Geoffrey Thiel, quoting reference 1312/FT on both envelope and letter. Please state your preferred location.

**Deloitte Haskins+Sells**  
Management Consultants

128 Queen Victoria Street, London EC4P 4JX

## Financial Controller UK

Heavy industry NE England  
To £16,000 with car + bonus

The exceptional strength of our clients' senior management team is recognised as a prime contributory factor in their continuing success and high profitability in providing materials handling services for heavy industry.

It is therefore essential that the company's new Financial Controller is someone whose general management expertise is as acutely developed as their appreciation of the task of financial management in industry.

If you are qualified, ideally in your early 30's, familiar with both UK and US accounting techniques and computerised systems, and keen to assume professional involvement across a broader measure, we believe that our sophisticated business approach and a multi-location UK operation combine to make this a particularly attractive career move.

The remuneration package fully reflects the importance of this appointment to the company's corporate stance. It includes a starting salary negotiable to £16,000, performance-related bonus, company car and relocation expenses if necessary.

Please write with full cv, quoting ref: FT/697, and listing separately companies to whom your application should not be forwarded, to: Lynne Robinson, Riley Advertising (Southern) Limited, Old Court House, Old Court Place, Kensington, London W8 4PD.



ABERDEEN BIRMINGHAM BRISTOL EDINBURGH GLASGOW LIVERPOOL  
LONDON MANCHESTER NEWCASTLE NOTTINGHAM PERTH

Confidential Reply Service  
A member of The Riley Group

## Chief Accountant

mid-late 20s  
Northern Home Counties  
to £15,000

This recently established and very progressive British company is marketing internationally a highly innovative, hi-tech office systems product.

In this new appointment, you will be responsible to the Financial Director for leading a small team dealing with all financial and management accounting matters in a successful and rapidly growing company.

This is an ideal opportunity for a young ACA or ACMA, with at least three years' post-qualification experience, who is prepared to work hard to take advantage of the career development opportunities which exist. Ideally, you should have worked in a high-growth environment and been involved with implementing or extending computer-based systems.

Salary in the range £13,000-£15,000 plus five weeks' holiday, medical and life insurance, contributory pension, and relocation assistance where necessary.

Please send full career details, quoting ref: R2950/FT, which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.)



**PA Advertising**

Hyde Park House, 60a Knightsbridge, London SW7X 7LE.  
Tel: 01-235 6666 Telex: 27874

## French Speaking Company Accountant/ Financial Controller

### Dunstable

Excellent package + car

Legrand SA is Europe's largest manufacturer of electrical fittings and is on course to be world leader in the next few years.

The UK subsidiary, Legrand Electric Ltd, which employs 200 people, is a young, dynamic and fast expanding company which is already playing a major role in the overall growth of the Group by developing the important UK market through its Dunstable distribution centre and factory at Milton Keynes.

To achieve the necessary levels of operational efficiency and profitability, it is vital to maintain a high level of financial control. With this in mind we now wish to appoint a Company Accountant/Financial Controller at our Dunstable location to be directly responsible to the Deputy Chief Executive for such broad areas as accounting, company administration, systems supervision and personnel services.

This is a highly demanding senior management appointment calling for a Qualified Accountant, probably aged 28-35, with a sound background in management accounting coupled ideally with experience in some or all of the following: cost accounting, salaries and pensions administration, currency control, US accounting practices and systems development. Particularly desirable would be experience gained in a manufacturing environment using computerised systems.

This role will involve maintaining close liaison with France and a good working knowledge of written and spoken French is therefore very desirable. However, demonstrable ability to learn would be acceptable provided all other criteria are met.

The Company is highly dynamic and geared for growth and the man or woman appointed must match these qualities in every way. For someone with the necessary professional skills, management ability and ambition to progress, we can provide an exciting and challenging environment in which to contribute positively to the future success of a potential world leader.

An excellent salary and benefits package is available, including company car and assistance with relocation where appropriate.

Send your cv and salary expectations to David Murphy, Deputy Chief Executive, Legrand Electric Limited, 18-20 Southfields Road, Dunstable, Beds LU6 3EJ.

**Legrand**

## FINANCIAL CONTROLLER

Salary Negotiable

For our newly opened European office, London SW1, established to co-ordinate our company's oil and gas exploration and production operations in Europe and the Mediterranean area.

Denison is one of the most prominent and well respected Canadian natural resources companies with Headquarters in Toronto, who showed a net profit in 1983 of just over \$100 million, with a revenue of over \$600 million and a return on equity (common) of 34%.

The Controller will report to the Managing Director in London and will be responsible for the co-ordination of all accounting, tax and related activities for our European companies. Joint venture oil and gas experience is essential. The position will require extensive travelling and is a high visible position within the corporate structure.

Write with full personal, career and salary details to: R F Schwab, Managing Director, Denison Petroleum Consultants Limited, Asphalte House, Palace Street, London SW1E 5HS.

**Denison**



Masters of Finishing Technology

## MANAGEMENT ACCOUNTANT Light Engineering

We wish to recruit an experienced and capable Accountant, aged 30-45, to join our established management team in a senior capacity.

The job demands, as a minimum, a recognised accounting qualification, broad general accounting experience preferably in the engineering industry, a particular knowledge of planning and budgetary control techniques, and the personal qualities and managerial skills that will command respect from both colleagues and subordinates. The company has an in-house NCR Criterion mainframe computer and all major systems are computerised. Micro-computers and word-processors are also widely used.

There are positive opportunities for demonstrating both technical and managerial ability and career prospects are good.

Applications, which will be treated with total confidentiality, should consist of a concise one-page summary of accounting experience, together with a further page detailing age, technical education, qualifications, present salary and other relevant matters, and should be addressed to:

Manager - Personnel Services,  
THE DEVILBISS COMPANY LIMITED,  
Ringwood Road, Bournemouth BH11 9LH.

## YOUNG MANAGEMENT ACCOUNTANT

### West London

to £15,000

Our client is a world leader in the video industry. Operating in 25 countries the company has experienced explosive growth and continues to expand.

Reporting to the Financial Controller primary responsibilities will comprise the provision of comprehensive management information and the development and implementation of mainframe and microcomputer reporting systems. Duties will include the co-ordination and review of group budgets and forecasts, comparison with actual performance and

the provision of detailed business analyses for presentation to senior managers. Emphasis will be placed on close liaison with all levels of staff in Head Office and subsidiary companies and will involve occasional overseas travel. The company wishes to appoint to this key position a graduate, qualified accountant, aged 24-30, who possesses the ability, ambition and professional self-confidence to make a significant contribution to the control and management of this fast moving competitive business.

For further details please write to or preferably telephone:

PAUL MOONEY

10a London Mews, London Street, London W2. 01 402 7162

**scope**  
executive

Recruitment & Consultancy



# Accountancy Appointments

## Financial Analyst

To £18,000 + Car  
Birmingham

A first rate analytical mind is required to create a new position in a large consumer product organisation based in the West Midlands. The position would be suitable for a well motivated self starter who is stimulated by the challenge of developing a new role.

The organisation concerned is going through a phase of considerable change which will be continued in a dynamic and aggressive manner. Consistent with this, there is a requirement to provide pertinent analysis of current performance and future profitability plans to management, including the analysis and review of the various strategy options.

As well as a proven track record, preferably as an analyst in a major group, applicants will need to demonstrate sound intellectual capabilities to handle the wide range of variables as well as the necessary interpersonal skills to communicate with all levels of management. Energy and drive will also be essential to develop the role to its full potential. A formal accounting qualification is an important priority. Age range 27-35.

Please apply in confidence, quoting ref. 1106,

to:  
Brian H Mason  
Mason & Nurse Associates  
1 Lancaster Place  
Strand  
London WC2E 7EB  
Tel: 01-340 7805

**Mason  
& Nurse**  
Selection & Search

## Major Overseas Bank Financial Accounting Specialist ACA

Age 23-27

£13,000 - £17,000 + benefits

Our client, a major overseas bank, wishes to appoint a qualified accountant to act as a technical accounting specialist within its European Division Headquarters in London.

Responsibilities will include:

- Developing and setting up formal accounting policies and procedures for existing and new activities of the bank, particularly in the foreign exchange, money market and corporate lending areas.
- Dealing with complex ad hoc accounting problems which arise from time to time.
- Assisting in the specification of major new or enhanced computer systems.
- Supervising preparation of accounts of UK subsidiaries.

The ideal candidate will probably have been qualified for no more than two years. He/she will have worked with a major firm of Chartered Accountants where they will have gained their experience on the audits of banks and other City institutions.

This is an excellent opportunity for a person seeking experience in an international bank which is entering an interesting and fast-changing phase in its development. It is an ideal appointment for a young accountant leaving the auditing profession and there will be ample opportunity to progress both within and outside the accounting function of the bank.

Please apply to Jock Coutts, Career Plan Ltd, Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1EG, tel: 01-242 5775.

**Career plan**  
LIMITED  
Personnel Consultants

## Group Financial Controller

Central London

c£30,000 + car + bonus

**Ogilvy and Mather (Holdings) Limited** is the holding company for Ogilvy and Mather advertising agencies and associated companies in the UK. Due to substantial growth, they now seek a Group Financial Controller to co-ordinate the financial and accounting activities of the companies within the group.

Reporting to the Group Financial Director, you will play a central role, being responsible for consolidations and inter-company transactions and for the further development of the computerisation of group accounts. Important aspects of this new post will be to carry out a central treasury function and to contribute to tax planning.

Candidates, preferably in their late thirties, will be qualified Accountants with substantial experience at a senior level and with a breadth of experience which includes both operating and central roles. In addition you should have the personality to fit into a dynamic environment and the enthusiasm to actively participate in the overall development of the group.

The importance of this appointment will be reflected in a salary around the indicated shown. The benefits will include a quality car, contributory pension scheme and incentive bonus. Less tangible benefits will be gained through the significant contribution which the successful candidate is expected to make in this challenging role.

Candidates, male or female, should apply in confidence detailing their career history and salary and quoting reference MCS/6006 to Alan Hunt, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

**Price Waterhouse**  
Associates

## Finance Director (Designate)

East Midlands

c£22,000 + Bonus + Car

Our client, a wholly owned subsidiary of a major US corporation has an impressive track record of growth and success in high technology. A qualified accountant is now sought to join the senior management team.

Candidates, (aged 35-45) will have proven industrial experience in a manufacturing environment including budgetary control, costing, pricing and planning. Familiarity with computerised systems is also essential. Personal and business attributes of paramount importance will include:-

- ★ An entrepreneurial outlook, as this high level appointment demands that operations be viewed from a totally commercial as well as financial viewpoint.
- ★ A mature personality together with the communicative ability necessary to contribute to a multi-disciplinary team.
- ★ Sound technical ability and the versatility to adopt and achieve business objectives in a high growth operation.

Reporting directly to the subsidiary's Managing Director, this position maintains close contact with the parent company. American reporting experience therefore, although not essential, would be highly desirable.

This challenging role commands an extremely competitive remuneration package which includes highly generous relocation expenses where appropriate.

Interested applicants should write to Terry Benson at Michael Page Partnership, 24 Bennetts Hill, Birmingham, B2 5QP quoting ref. B6154.

**MP**  
**Michael Page Partnership**  
International Recruitment Consultants  
London New York  
Birmingham Manchester Leeds Glasgow

Career opportunity with a diversified multi-national...

## HEAD OF INTERNAL AUDIT

London

to £20,000 + car + benefits

This appointment offers an ideal and challenging opportunity to join a major successful multi-national group with a variety of industrial and commercial interests throughout the world.

Based in London and to be assisted by a small team, the Head of Internal Audit will be responsible for the planning and conducting of financial and operational audits of all the group's activities. The position will therefore involve a considerable amount of overseas travel, which could be required at relatively short notice.

The group also offer excellent prospects for further career progression.

Candidates for this appointment will be operationally orientated accountants, who have a minimum of eighteen months post qualification experience in industry, preferably within the audit department of a large international company. However, successful and ambitious accountants working within large professional firms may well be considered. Aged between 27 to 35 years, the successful candidate will also be a graduate whose career to date should indicate an above average progression.

Written applications enclosing career details should be submitted, in the strictest confidence, to Robert N. Collier or Gary Johnson at our London address quoting reference number 4450.

410 Strand, London WC2R 0NS. Tel: 01-836 9501  
26 West Nile Street, Glasgow G1 2PF. Tel: 041-228 3101  
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

**DOUGLAS LAMBIAS**  
Douglas Lambias Associates Limited  
Accountancy & Management  
Recruitment Consultants

**DLA**

## FINANCIAL CONTROLLER

Food Industry

Kent

Consisting of 15 fairly autonomous operating companies, the Northern Foods Meat Group continues to be the fastest growing company in the meat products industry. During this period, our investment programme has been impressive; there has been major investment in 5 companies, 2 acquisitions, and 4 companies have been built. Committed to quality, our wide product range includes hot and cold pies, cooked and fresh meats, poultry products, recipe dishes and sausage, sold both under our own brands, including Pork Pies, Bangers, Dorset Foods and the labels of most of the major national quality retailers.

McLaren Meats, who joined the Group last year, process and pack fresh red meat, and manufacture recipe dishes and fresh and frozen beefburgers for both leading own label retailers and their own brand. With a turnover of around £20m, they employ 250 people at two sites, Ashford, Kent, where a major extension is being completed, and a smaller operation in South London.

Reporting to the Managing Director, the position of Financial Controller has been created to further strengthen the senior management team. The immediate priority will be to assess,

develop and implement the necessary financial, management and budgetary controls to meet the needs of this complex business. The successful man or woman will, therefore, be qualified, have several years post qualifying experience of both financial and management accounting in a manufacturing industry and will probably be a graduate. Experience of computers is also necessary since the response time for management information will necessitate their extensive use. In addition to the technical demands, there is a requirement to be involved in wider management decision making and we will be looking for a resilient self-starter with a broader commercial awareness, ideally aged 28-35.

The salary, car and other benefits, including relocation if necessary, will certainly be attractive to the person who convinces us they can both meet our current requirements and have the potential to take advantage of the real opportunities for career progression, both with ourselves and our parent company, Northern Foods.

If you are interested in finding out more about the position, then please write briefly, since application forms will be sent to selected candidates, telling us about your background experience, including your current salary to:

C R Eiley, Personnel Director,  
Northern Foods Meat Group, Pork Farms Ltd,  
Queen's Drive, Nottingham NG2 1JL.

**Northern Foods**

## Auditor - Contracts

LONDON WCI

up to £14,511

Applications are invited from qualified accountants with relevant audit experience to undertake comprehensive and effective reviews of major capital construction contracts both on-shore and off-shore. The post also involves the provision of financial advice related to tenders prior to award, and claims prior to settlement as an independent part of a management review team.

A limited amount of travelling to various parts of the UK is involved and assistance will be given towards relocation expenses where appropriate.

Commencing salary will depend upon qualifications and experience and will be in the range £12,762-£14,511 (including Inner London Weighing). Career prospects in this large and dynamic industry are excellent, both within the Audit field and in the Finance Division generally.

Please write with full details of age, qualifications, experience and current salary, quoting reference F/00371/005, to: Assistant Personnel Manager (HQ Services), British Gas, 59 Bryanston Street, London W1A 2AZ.

**BRITISH GAS**

## NEWLY QUALIFIED ACCOUNTANTS

Our Client, a major International Firm of Chartered Accountants, require newly qualified accountants within tax, audit and management consultancy. These are definite career moves with excellent prospects. Salaries will be within the £10,500 - £12,500 range. Ref. No. 8149.

Our Client, the UK Subsidiary of a major International Pharmaceutical Group with a T/O in excess of 300 million in the UK, require a newly qualified graduate to take up a management accounting role. Career prospects, particularly in corporate planning are excellent. Salaries will be within £11,000 - £12,500. Relocation where applicable. Ref. No. 3586.

Our Client, a fast expanding marketing organisation, require a newly qualified accountant to be entirely responsible for the 6 divisions of the company. Excellent move from the profession. Salaries in the £14,000 - £16,000 range. Ref. No. 2886.

These are a small selection of our current vacancies. All applicants male or female should contact Rob Strippel on 01-638 2883. SOS Accountancy Division: 5th Floor, 18-23 Eldon Street, London EC2.

**SOS**

ACCOUNTANCY DIVISION

## ACCOUNTANTS of Outstanding Ability

LONDON

to £25,000 + CAR

As an international management consultancy practice, the variety of our clients is matched only by the variety of our assignments. Because of expansion, we seek accountants of exceptional all-round ability who have the potential for future admission to partnership. We offer opportunities, often at the highest levels, to broaden your business and technical skills through exposure to our clients' problems. Candidates will be in the age range 32-40 and will have already demonstrated achievement beyond the narrow accounting function. Other selection criteria will include a successful and responsible career to date and:

- An accounting qualification
- Effective oral and written communication skills
- An assured and confident manner

If you believe that you have these attributes, please send a career résumé, including salary history, quoting reference 2159, to M.R. Hurton.

**Touche Ross & Co, Management Consultants**  
Hill House 1 Little New Street London EC4A 3TR  
Telephone: 01-353 8011

## Accountants aged 25-28...

Opportunities in Financial Services

West London

to £15k + Bens.

Our client, a diverse multinational has recently established a presence in the financial services market and now seeks two commercially orientated accountants (ACA, ACCA, ACMA).

The company is currently experiencing a rapid growth rate and offers initial roles including:

- ★ Financial reporting and control, requiring well developed staff management capabilities.
- ★ Increasing involvement in lease negotiations, related business performance appraisal and strategic business planning.
- ★ Funds flow and treasury cycle management.
- ★ Design and implementation of major new reporting systems for planning business expansion.

These positions will provide the opportunity to gain valuable experience in the financial services sector whilst retaining the potential for promotion within the group to other business areas. The successful candidates will be highly motivated individuals, capable of achieving rapid results. Previous experience in this expanding area, however, is not essential. Interested applicants should contact Phillip Price BA, ACA on 01-242-0965 or write to him quoting ref. 327, at P O Box 143, 31 Southampton Row, London WC1B 5HY.

**MP**  
**Michael Page Partnership**  
International Recruitment Consultants  
London New York  
Birmingham Manchester Leeds Glasgow

## Financial Controller Distribution

Northern Home Counties

c. £18,000 + car

Our client, part of a large multi-national group whose interests include manufacturing, distribution and sales, requires a Financial Controller for one of its key subsidiaries.

The duties include the management of around eighty staff, and in particular the preparation and analysis of monthly management accounts and the implementation of DF systems.

Applicants should be accountants aged 30 to 40 who can offer substantial post-qualification experience in industry or commerce, including some knowledge of distribution. Experience of working in a multi-location group is essential.

This is a good career opportunity where advancement to director is possible within one year.

Please write to M J B Ping enclosing a detailed CV and quoting reference F/254/P at:

**E&W**

**Ernst & Whinney Management Consultants**  
Becket House, 1 Lambeth Palace Road, London SE1 7EU.

مكتبة الأمل



# Accountancy Appointments

## Internal Audit Manager

Home Counties

over £20,000 + Car

Our client, a major international public company, is an accepted market leader within its specialist market sector having significant manufacturing operations throughout the U.K. and overseas.

As part of the strategy to further improve the effectiveness of the Group's financial systems and controls on an international basis, it is now the intention to focus the work of the internal audit team more on operational matters, rather than on purely financial audit routines. The company is seeking to recruit an ambitious, bright, financial manager to operate and develop the internal audit section in carrying out this task.

This is a unique opportunity for a Chartered Accountant, from a large international professional firm and with a computer background, aged 30-35 who seeks to take the first step in his/her career development towards a senior management position within the company.

The successful applicant will receive an attractive remuneration package including generous relocation expenses where required.

Candidates should write enclosing a comprehensive curriculum vitae, quoting ref. 107 to Philip Cartwright, ACMA, Executive Division, P.O. Box 143, 31 Southampton Row, London WC1B 5HY.

**MP**  
Michael Page Partnership  
International Recruitment Consultants  
London New York  
Birmingham Manchester Leeds Glasgow

## SALES EXECUTIVE

### RECRUITMENT ADVERTISING

The Financial Times requires a young sales executive to join its team selling recruitment advertising space on these pages, to advertising agencies, consultancies and direct clients. It is essential that candidates (aged 21-28) have previous experience selling recruitment advertising either over the telephone or face to face.

To find out more call:  
FRANCIS PHILLIPS  
01-248 4782

## Internal Audit Assistants

N.M. Rothschild & Sons Limited, requires additional qualified or part-qualified auditors for the Internal Audit Department which is based at their administrative offices in South London.

One appointment will be made from amongst qualified applicants with experience of auditing computerised systems; other appointments may be made from amongst part-qualified candidates. Banking experience would be an advantage, but is not considered essential.

Ideally, successful applicants will be in the age range mid-20s to early 40s. They will be members of a team of 5 which is responsible for undertaking systems reviews both in the UK and overseas.

Importance is placed on the ability to prepare lucid reports and deal with staff at all levels in the Bank.

The successful applicants may expect to spend up to two months each year on audits overseas.

Remuneration and other employment benefits will be attractive and include a mortgage interest subsidy, a non-contributory pension and participation in a profit-sharing scheme.

Please send a full curriculum vitae to:

The Personnel Director  
N.M. Rothschild & Sons Limited  
New Court, St. Swithin's Lane  
London EC4P 4DU.

**N.M. Rothschild & Sons Limited**



## Creative Financial Manager Management Information Development

London Up to £17,237

National Networks Specialised Services - a major British Telecom enterprise - develops, markets and supplies private circuits, packet switching and telex facilities to large commercial customers. It is a highly successful business operating in a fast moving and competitive environment. We are now looking for an experienced Financial Manager to play a senior analytical and advisory role at our London Head Office.

The successful candidate, male or female, will be a self-starter with the ability to take charge of the development and co-ordination of our accounting and management information systems. Broad-based responsibilities include the review and improvement of existing financial information systems, co-ordinating the computerisation of procedures, and the control of charges between Departments.

Applicants must be fully qualified Accountants or finalists, with a sound knowledge of computer-based financial systems and the ability to produce lucid reports and recommendations. Possession of an Economics or similar degree is desirable and experience in management information systems, product accounting or systems audit would be an advantage.

Starting salary will be up to £17,237 (including Inner London Weighing), according to experience and qualifications. Benefits include a contributory pension scheme plus generous leave allowance.

For full information on this post call Kim Church on 01-357 3256. For an application form ring FREEPHONE 2237 or write to Lorne Murray, British Telecom, LCS Selection Unit, P3.2.1.1, Room 1119, 151 Gower Street, LONDON WC1E 6BA.

British  
**TELECOM**

## Ambitious Commercial Accountant - Commodities -

City

£15,000 + benefits

Our client is a highly respected international trading company dealing in a wide range of commodities and financial futures. The group is striving to continue improvements in management efficiency generating maximum profits from existing and new activities.

A vacancy has arisen for an accountant, not necessarily qualified, who will play a key role within the finance team. Principal responsibilities will encompass the preparation of detailed and meaningful accounting information, supervision of the foreign exchange administration and the effective management of a department of approximately ten staff.

The successful candidate will be a part qualified accountant (ACA/ACMA), probably aged late 20's, who has ideally had experience of working in a trading and dealing environment, and would be capable of operating with highly computerised systems. It is essential that applicants have drive, ambition and the ability to deal with senior level management.

Please write with a detailed curriculum vitae to Nick Waterworth, BA, Banking and Finance Division, 23 Southampton Place, London WC1A 2BP, quoting reference 3375. All applications will be dealt with in the strictest confidence.

**MP**  
Michael Page Partnership  
International Recruitment Consultants  
London New York  
Birmingham Manchester Leeds Glasgow

## Merchant Bank City

Young ACA/ACCA c. £12,000  
+ Mortgage Subsidy

Leading Merchant Bank is currently offering excellent opportunities for qualified accountants to develop their careers in the world of Banking and Finance.

Their role will be to review and report on the Bank's varied activities, which include banking, corporate finance, investment management, life assurance, unit trusts and leasing.

Ideally, applicants should be aged mid to late twenties and have acquired experience in a medium to large professional firm. Conditions of employment are excellent and include four weeks holiday, non-contributory pension scheme, free luncheon facilities and a mortgage subsidy scheme.

To apply, please telephone or write quoting reference 7880.

**Lloyd Chapman  
Associates**

123, New Bond Street, London W1Y 0HR 01-499 7781

## ACCOUNTANCY APPOINTMENTS

APPEAR  
EVERY  
THURSDAY

Rate £34.50  
per single column  
centimetre

## GROUP TREASURER

Middlesex

c. £25,000 + car

Our client is a well-established public company engaged in the retail sector. As befits a company with high cash flows and turnover in excess of £1,200m highly efficient treasury management is seen as essential.

The successful candidate for this post will need to be an experienced treasurer, preferably qualified as an accountant and aged probably 28-35. Experience of foreign exchange exposure management is vital as is an ability and willingness to participate in a "hand-on" role.

Overall commercial awareness and excellent communications skills are also very important.

Ref: 3843

## INVESTIGATIONS: SENIORS/MANAGERS

to £12,000

Our client, an established City firm of accountants, is currently expanding its Special Services department and requires several new staff as a result of increasing involvement in growth companies needing assistance with venture capital, acquisitions, USM and stock market flotations, restructuring of accounting and management systems and general financial development.

Prospective candidates must be qualified Chartered Accountants, with good exam records, who have had some financial investigations experience and are seeking greater responsibility in a thriving concern.

Ref: 3845

To arrange an informal and confidential meeting, at which these opportunities can be discussed on more detail, please contact Robert Digby, B.A.

**Badenoch & Clark**

Recruitment Consultants

16-18 New Bridge Street, London EC4V 6AU

Tel: 01-553 1867

## FINANCIAL CONTROLLER

AYLESBURY

c. £15,000 + car

An expanding Group of companies involved in Engineering, International Marketing and Financial Services, with a turnover approaching £6m per annum, is seeking to appoint an experienced controller to run the financial aspects of 5 of the Group's companies.

This is a new appointment suited to an experienced qualified Accountant who will be expected to play a leading role in the continued development of the company. Reporting to the Group Financial Director, the appointee will need to be fully competent in accounting, forecasting, control and company secretarial. Experience of foreign exchange and micro-computers would be a distinct advantage.

A generous benefits package awaits the successful candidate, who will have an opportunity to develop within a highly successful organisation.

Please write with full cv, to  
P. G. Sheldon FCA, ATIL, MBIM  
City Crown Limited  
72 Quinta Drive Arkley Herts EN5 3BE

## Systems Development

Major Financial Group

Central London

c£15,000 + benefits

Due to increasing demands on the small team responsible for the development of accounting systems, our client seeks a qualified accountant (mid/late 20s) who can contribute fully to the work of the team. This is an important job in an established area of our clients organisation.

You will work either individually, as a member of a multi-discipline project team, with external consultants or be seconded to a relevant business area. Assignments normally involve working on a project from beginning

(systems specification) to end (testing and implementation).

The varied nature of the work necessitates exposure to many facets of the group's business and will therefore provide an excellent base for career progression, which need not be restricted to systems development.

Salary is negotiable and benefits include a non-contributory pension and subsidised mortgage.

Contact David Todd BSc, FCA  
on 01-405 8499  
quoting ref D/S2/SF

**Lloyd  
Management**

125 High Holborn London WC1V 6QA Selection Consultants 01-305 3499

## Hoggett Bowers Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

## Group Financial Controller

West, c. £16,000 + bonus + car

The Headquarters of a substantial public group, manufacturing sophisticated engineering products, requires a Group Controller to oversee subsidiary operations in the UK and abroad. Reporting to the Group Financial Director, this is an excellent career opportunity to really develop the function and exploit good career prospects within the Group. Candidates must be ACA or ACCA, probably in their 30's, and should have line experience as well as a thorough grounding in group type functions of consolidation, budgeting, planning etc. There will be considerable freedom for action to involve oneself at all levels and therefore the skills of probing, diplomacy and persuasion must be well developed. The level of computerisation is high including the use of mini's for investigative and planning studies.

J.E. Davies, Ref. 37346/FT. Male or female candidates should telephone in confidence for a Personal History Form 0222-700633, 3A Hickman Road, Penarth, CARDIFF, South Glamorgan, CF6 2AJ.

## QUALIFIED ACCOUNTANT

Consultancy Services

c £12-13,000 plus car - Surrey

Our client is a major UK Company with many manufacturing locations in this country.

A management services vacancy has arisen based at head office that will interest an ambitious and qualified Accountant (ACA, ACCA or AAT) of graduate calibre. This very interesting and unusual job entails the review of management systems and procedures across all the functions of the Company and calls for a person of tact and analytical skills. It will appeal to those who enjoy working on new problems and unfamiliar situations.

Candidate, male or female, will be aged 27-35 and have some industrial experience.

Benefits are very attractive and prospects excellent.

Please contact A. Higson, quoting reference H190(F) or telephone for a personal history form.

Higson Ping Ltd./Executive Recruitment Consultants  
110 Jernyn Street, London SW1Y 6HB.  
Telephone: 01-930 4196 (24 hour answering service).

**HIGSON  
PING**



# Accountancy Appointments

## FINANCIAL CONTROLLER International Operations

West London

around £22,000

+ substantial benefits

A major UK company, with a £2,000 million turnover, is seeking someone with a proven success record to assume financial control of its rapidly expanding international operations.

Aged between 30 and 40, you will be a qualified accountant with directly relevant experience in a consumer oriented industry. You must have extensive knowledge of international financial procedures and be able to develop the existing use of data processing. You must

be positive, innovative and used to producing key financial information to tight deadlines. You will be ambitious and readily equipped to join the Executive Committee of the international operation.

The remuneration package contains a substantial profit sharing bonus, car and private mileage.

Please write to Keith McNeish (quoting reference 501), showing how you meet the above criteria and enclosing details of your career to date.

cc&amp;p

Cockman, Copeman &amp; Partners International Ltd

26-28 Bedford Row, London WC1R 4HF

## County Treasury County Treasurer

£27,753 x £570 (5) to £30,403 p.a.  
A qualified accountant, male or female, is required for the post of County Treasurer which falls vacant on 31st October 1984 due to the retirement of Mr G. E. Davis.  
Applications are welcome from those already serving in business or private practice.  
Further details are available from the Clerk of the County Council and Chief Executive at County Hall, Tel: Nottingham (0532) 523222 ext. 352. Closing date 27 April.

An Equal Opportunity Employer



Nottinghamshire County Council  
County Hall, West Bridgford  
Nottingham NG2 7OP

## COMPANY NOTICES

### EMPRESAS LA MODERNA, S.A. de C.V.

(Incorporated in the United Mexican States with limited liability) (the "Company")

#### NOTICE

to the holders of the outstanding

**FLOATING RATE NOTES DUE 1988**  
of the Company in the denomination of U.S.\$10,000 each (the "Notes") and the "Notes" respectively.

NOTICE IS HEREBY GIVEN to the Noteholders that, at the Meeting of the Noteholders convened by the Company on 23rd February 1984 and held on 18th March 1984, the Extraordinary Resolution set out in such Notice was duly passed by the unanimous vote of all Noteholders present or represented at the Meeting. Accordingly, the ELM Proposals (as defined and set out in the Extraordinary Statement dated 22nd February 1984 and approved by the Company in the Extraordinary Statement dated 22nd February 1984) have been implemented and a modification of the existing principal is limited relaxation of certain of the financial ratios contained in the principal Trust Deed constituting the Notes and the Terms and Conditions thereof, a resolution on future borrowings by the Company and its subsidiaries, guarantees in respect of the participants and the Terms and Conditions of the Notes resulting from the implementation of the ELM Proposals is available in the statistical services of ELM Statistical Services Limited. Any Noteholder who wishes to inspect a copy of the principal Trust Deed or the First Supplemental Trust Deed submitted above or to obtain a copy of such new Extraordinary Statement may do so at the specified offices of the Paying Agents listed below.

#### PRINCIPAL PAYING AGENT

The Chase Manhattan Bank, N.A.,  
Woodgate House,  
Coleman Street,  
London EC2P 2HD.

#### OTHER PAYING AGENTS

Banco de Comercio, S.A.,  
5152 Avenue des Arts,  
B-1040 Brussels.

The Chase Manhattan Bank, N.A.,  
Coleman Street,  
New York, New York 10001.

By Order of the Board of Directors  
of Empresas La Moderna, S.A. de C.V.  
R. G. FARIAS,  
Director.

Dated 29th March, 1984

### TAUERNBAHN AKTIEGESELLSCHAFT

US\$30,000,000 8 1/4% Guaranteed Bonds 1987

Citibank, N.A., as Principal Paying Agent, announces that Bonds for a nominal value of US\$30,000,000 were purchased for the March 15 1984 Redemption. The principal amount outstanding after March 15 1984 is US\$21,000,000.

March 29, 1984

Citibank, N.A., London

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

March 29, 1984

## FINANCIAL DIRECTOR (DESIGNATE)

Overseas Operations

Based Basingstoke To £25,000+Car

Wiggins Teape Overseas Ltd. is seeking a qualified Accountant who has broad commercial experience, to take over this demanding role in the present incumbent's role in early 1985.

The overseas company, with a turnover of some £100m, is involved in the manufacture, conversion and selling of paper products. It has some 27 subsidiary and associated companies in 14 countries and controls the overseas operations of the Wiggins Teape Group which, with a turnover of around £250m, is itself a wholly owned subsidiary of B.A.T. Industries.

Reporting to the Chief Executive Overseas Operations, you will be responsible for overseeing the financial management of all overseas units, monitoring performance, and providing a business oriented consultancy service on all budgets, plans, investments, acquisitions and other projects. Above all, a significant input into the development of strategy for the overseas operations is an essential part of the job. The work will involve considerable travel overseas.

Applicants, preferably graduates, must be qualified Accountants and be able to demonstrate capabilities beyond conventional accounting. You should have considerable experience of operating in a broad business environment of a senior level and will have had exposure to working in companies overseas. Experience of finance, foreign exchange dealings, exchange controls and tax would be an added advantage.

In addition to the salary indicated we can offer a very competitive package of fringe benefits.

Applications enclosing a detailed C.V. should be forwarded to: R. J. Kendall, Group Recruitment Manager.

Wiggins Teape Group Ltd.,  
Gateway House, Basingstoke, Hants RG21 2EE.

**WIGGINS TEAPE**

## ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY

For more information call:

IRENE NOEL

01-248 5205

## EUROPEAN FINANCIAL CONTROLLER

Central London £18,000+Car

DRI Europe is a highly successful and expanding subsidiary of Data Resources Inc. the world leader in Economic Information Services. Through the world's largest private collection of data banks and econometric models, it provides quality information, analyses and expert advice to key decision makers and planners in European industry, finance and government.

Due to internal promotion, we require a disciplined commercially minded, ambitious and experienced Financial Controller to take overall responsibility for the financial and administrative activities of its five European offices and U.S. international team and to make a contribution to the company's profit growth.

Reporting to the Group Vice President, the right applicant will be a qualified accountant with senior level financial experience, preferably gained in the electronic distribution of information industry and, ideally, in an international environment.

Apart from excellent career prospects with a growing company, the post offers an attractive remuneration package and benefits which include company car, pension, medical and insurance plans.

Please send career details to:

Paul Jankinson  
UK and European Personnel Director  
Shoppenhangers Road  
Maidenhead, Berks SL6 2QL  
Telephone: Maidenhead 23431.

DRI

DRI

## Financial Controller

Neg. from £18,000 tax-free Saudi Arabia

A well-established company with a turnover of around £2m and with diverse activities including the importation and sale of foodstuffs, TV films, heat transfer equipment and holding many well-known agencies, seeks an experienced Financial Controller.

The Company is expanding and wishes to strengthen its financial management and the person appointed will report to the President and the Senior Executives of the group. He will also provide financial information and advice to the Senior Executives of the group.

Applicants should hold a recognised accounting qualification, have had wide experience, ideally in a diversified business and have some experience of international accounting systems.

Post is a single status position offering a negotiable tax-free salary of at least £18k, free furnished accommodation, transportation and other benefits. Interviews will be held in UK in April.

Please send full C.V. to Mr Jones, PER Overseas, 4-5 Grosvenor Place, London SW1X 7SS.

**PER OVERSEAS**

The complete overseas recruitment service

## DOMESTIC PETROLEUM DOLL

US 50 MILLIONS

FRN 1982/1989

Please be advised that for six months, March 21, 1984 to September 20, 1984 the notes will carry an interest rate of 11 1/8% p.a.  
The interest due on September 21, 1984 against coupon nr 5 will be DOLL 568.61 and has been computed on the actual number of days elapsed (184) divided by 360.  
The principal paying agent  
**SOCIETE GENERALE ALSAACIENNE DE BANQUE**  
Luxembourg Branch

## CONVERTFUND INTERNATIONAL S.A.

Société Anonyme d'Investissement

Luxembourg, 37, rue Notre-Dame

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

R.C. Luxembourg 8, 0125

## APPOINTMENTS

### Changes at House of Fraser

HOUSE OF FRASER has made the following changes. Mr D. K. MURPHY will retire as company secretary on March 31. He remains a non-executive director.

Mr B. S. Hodge becomes company secretary from April 1. Mr L. F. Drevitt has been appointed joint managing director of Harrods from April 1, and Mr A. Clark has been appointed joint managing director.

Mr P. H. Hume and Mr P. Martin have been appointed to the board of A. C. Hume A/S in Copenhagen. Mr B. J. Gladwin has been appointed joint managing director of management services throughout the House of Fraser Group.

Mr Peter R. J. Allen and Mr Philip P. Ralph have been appointed joint managing directors of RUSVON, BUCKINGHAM, and Mr Allen is general manager.

Mr Ralph is an associate director and director of corporate finance with The General Electric Company.

Mr K. L. Fennell has been appointed an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and Mr E. W. Thompson become assistant directors. Mr E. W. Thompson becomes an additional director of C. E. HEATH AND CO (RE-INSURANCE) BROKING.

Mr R. G. Bostwick and







## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY  
 Telegrams: Finantimo, London PS4. Telex: 8954871  
 Telephone: 01-248 8000

Thursday March 29 1984

# South Africa waits for gold

SOUTH AFRICANS were expecting a tough budget and they have been given one. The tough budget reflects "harsh realities" which the finance minister, Mr. Owen Horwood, described in his budget speech yesterday. These are the weakness of the gold price, the sluggishness of South Africa's other exports, and the impact of drought which has not only depressed economic activity but led to a substantial need for the Government to bail the farming sector out of its indebtedness.

The other harsh reality—not mentioned, but nonetheless pressing for that—is that South Africa can take no cue from Mrs. Thatcher in controlling government spending. The country's political system and pronounced economic disparities create a remorseless appetite for funds which cannot be denied. Defence spending is scheduled to rise by a fifth in the coming fiscal year, set against a three per cent fall in the country's real GDP in 1983.

## Tight ship

The third element in the equation is that the South African authorities like to run a tight ship in monetary and balance of payments terms. The country's overseas credit rating is kept impeccable with a debt service ratio of only six per cent of export earnings. The Reserve Bank, under the redoubtable leadership of Dr. Gerhart Kock, enjoys a fair degree of autonomy. It is keen to borrow from the IMF, not because it needs the foreign exchange, but because it likes the IMF conditions that come with the money. Money supply control has been

rather erratic but government borrowing from the banking system has been kept strictly within the IMF's demands. The upshot is that South African interest rates are extremely high: the prime rate rose recently to 21 per cent, set against an inflation rate of less than half that. And Dr. Kock would probably have to drive them higher unless taxes are raised to reduce the government deficit while allowing state spending to continue. South African VAT was raised from six to seven per cent in February. So in this budget Mr. Horwood has singled out business as the chief victim. Corporation tax has been raised from an effective 46 per cent to 50 per cent. Stock relief is being phased out, investment incentives reduced and leasing advantages removed. As a result it will be surprising if South African industry, taken as a whole, shows much earnings growth in 1984.

## Economic limbo

The economy remains in a curious and precarious limbo—recession without a recession mentality. The Government is being exceedingly cautious in predicting resumed growth this year. Yet consumer confidence and borrowing has remained high in the face of the very high interest rates. Perhaps there is a subconscious expectation that gold will do its wonders again before too long. And perhaps the unaccustomed sense of movement in the political scene has led to a slightly more liberal consensus in white politics, the treaty with Mozambique and the thaw in relations with Angola—add to the underlying optimism.

The gold price had better rise. It is hard to conceive of any other adequate source of the wealth and growth South Africa requires to buy the time and make the investments needed to reform its doomed political system.

# Responsibility for training

"IT IS the availability of manpower, and especially of skilled manpower, that sets the limit to our capacity to increase production... what we must provide are the facilities for training and the will to use them when provided."

Those words have never been more true of the British economy than now, which is a shame. For they were spoken by Mr. Reginald Maudling as Chancellor of the Exchequer in his Budget speech 21 years ago. He was endorsing a widespread belief that the training of a productive workforce is too important to be organised biggledy-piggledy. The result was the 1964 Industrial Training Act, meant to unite central and local government, trade unions and employing organisations in the cause of ensuring the supplies of skilled workers the economy needed. Responsibility for training have since been reshuffled several times. Industrial training boards sprang up, but have mostly wilted in the shadow of the growing Manpower Services Commission—a quango nominally headed by a partnership of interests as envisaged by the 1964 Act and responsible to Parliament through the Secretary of State for Employment.

## Protests

Of the seven boards left the largest, the Engineering Industry Training Board, has been under pressure from about a dozen big companies in its field. These wanted the EITB abolished on grounds that it was less than cost-effective, too police-like in attitude and, while efficient in training for traditional crafts and technicians' work, inadequate in promoting newer skills increasingly needed because of technological advances. The government has decided that the board will continue, subject to its becoming cost-effective, advisory rather than inspectorial, and more flexible in its procedures so as to cater for the newer kinds of skill.

The particular case of the EITB illustrates a problem which tends to affect training in general. Attempts to organise the activity centrally on a scale only as large as a single industry are apt to raise protests from individual interests against bureaucratic conservatism. It is nevertheless also true, as it was two decades ago, that training is too important to be organised biggledy-piggledy.

A further obstacle lies in the condition of the education

sector. Where growing demand for new work skills can be foreseen, especially when they are likely to be needed by smaller companies without their own training systems, it would seem sensible for the relevant training to be provided in educational institutions such as polytechnics and further education colleges. But there is as yet only marginal central control over the provision of courses of the kinds required in such institutions. They are under the management of the various local education authorities.

To lessen the incoherence the Government proposes to strengthen central control over these institutions' training courses for qualifications of academic status below a degree. The Manpower Services Commission, which allocates 11 per cent of the £200m spent annually on such courses, would by 1986-87 control 25 per cent, at the direct expense of the local authorities' spending power.

## Shortages

The change is opposed by the associations representing the authorities. On the evidence of recent reports by the state educational inspectorate of largely unsatisfactory and often obsolete equipped courses in engineering and other work skills in polytechnics and colleges, the authorities do not have much to show for their management. They do, however, have a politically appealing counter-argument. It is that training is subordinate to the main concern of polytechnics and colleges, which is education; and education is too precious to be surrendered to centralised control.

With warnings of impending skill shortages coming particularly from high-technology industry, it would be wrong to let the change be blocked for the sake of traditional boundaries between central and local authorities and traditional distinctions between education and training. The proposed further transfer of spending power to the commission is relatively small and it could hardly work less effectively than the present arrangement.

But governmental bodies alone cannot produce the skilled workforce required by the nation. For the change to succeed, employers will have to take a more active interest in educational as well as training policy. To judge from the reports by the state inspectorate, their interest has been little more than perfunctory to date.

At 10pm on a recent Thursday night, the lights were burning in a four floor office in the gleaming new headquarters of Saudi Basic Industries Corporation (Sabic) in Riyadh.

A Sabic employee driving past the building pointed up to the lights and said: "That's the marketing department. They've started keeping American hours."

A quiet revolution is going on in Saudi Arabia, a revolution of an industrial kind. The Middle Eastern country which has been famous for oil wealth and deserts is soon to become one of the world's leading petrochemical producers.

This development will have an enormous impact on the international chemical industry—and chemicals may not be the only industry to be affected as Saudi Arabia acquires the knowledge to produce more than oil. Other oil-rich countries have attempted to develop local industry through the liberal use of the blank cheque, but Saudi Arabia has actually built the world's largest chemical development on time and without any major hitches.

Already some of the plants have been quietly coming on stream and it is clear that the Saudis aim to enter the international marketplace with products that provide a profit as well as prestige.

Using its own natural gas as a feedstock, the kingdom will soon be exporting around \$30n a year worth of petrochemical raw materials to customers throughout the world. These companies will convert the goods into hundreds of domestic and industrial products, ranging from plastic bags to fertilisers. The country's export-driven industry—which is ex-

## The harvest is just about to begin

pected to account for between 5 to 7 per cent of the world's demand for petrochemicals by the middle of next year—is aimed at providing Saudi Arabia with a diversified industrial base which will survive the run-down of its oil resources. Western businessmen may find the country's industrialisation goals hard to take seriously, especially if they imagine that Saudi Arabians still munch sheep's eyes for lunch and spend their days driving about in large cars. If they do, they will be making the same mistake that many in the chemical industry did. And the harvest is just about to begin.

Europe's chemical industry, while more robust than, say, its cousin in steel-making, is not particularly healthy. Over-ambitious expansion plans of the late 1970s ran smack into the sharp price falls of the early 1980s, leaving a huge amount of idle capacity during the recent slump. Large losses prompted most operators to shut down plants and shave back heavily on employment.

Even so, not enough has been done. Even with today's recovery in demand, over-capacity in ethylene, the industry's primary raw material, is running at around 15 to 20 per cent. Prices are sharply higher, but are still just 5 to 10 per cent above their 1979 levels. This is giving little room for providing any kind of reasonable return on capital in the business of making commodity petrochemicals such as ethylene and polyethylene.

These are the very petrochemicals that Saudi Arabia has targeted for export, in addition to methanol, ethylene glycol, and a few others. Methanol, which is mainly used to make adhesives, polyester fibres and petrol additives, is one of the most over-supplied sectors in the industry with some 33 per cent excess capacity. Ethylene glycol, also in plentiful supply, is used both as an anti-freeze and in the manufacture of polyester.

Saudi Arabia is fully aware of all this excess capacity, but it has a very powerful ace in its hand. It is making its products out of the natural gas it had previously dared as a waste product. As a result, its new chemical companies are paying just 50c per m BTU (British Thermal Units) for their feedstock, compared with Europe's price of \$4 to \$4.50 per m BTU and a U.S. average of \$3.30 to \$3.50.

Also on its side are some very powerful allies. Nearly all its new petrochemical plants have been built by 50/50 joint venture companies with the partners including well-established names like Mobil, Mitsubishi, Exxon and Shell.

Already, grumbles about unfair feedstock advantages have been surfacing in Europe and the U.S., with hints that barriers might be considered if the Saudis prove very successful in marketing their wares. To these intimations Saudi officials have a swift response.

"A fair number of people thought this development wouldn't happen. Our infrastructure was thought to be poor, our joint ventures would be inefficient or our start-up wouldn't be smooth. Well, unfortunately, those sceptics have helped us to make sure that none of that happened, and none of it will," says Dr. Abdulaziz Al-Jarbo, Sabic's project manager.

"If they (European chemical producers) haven't done what they've supposed to have done, rationalisation, I'm not to blame. They've known what we have been doing here for more than five years," he says.

Sheikh Abdul Aziz Al-Zamil, Sabic chairman and Saudi Arabia's new Minister of Industry, is even more direct. "Our plants are on-time and suddenly they are creating a threat to the world," he says. "We are importing their cars, their machinery, imports worth more than \$200m a year. The only thing we have an advantage in is these industries are based on gas."

Sheikh Al-Zamil, 41, a Bahrainian-born industrial engineer, works prodigiously hard at his job and projects an air of deadly seriousness about what he sees as a mission to industrialise his country.

"The world has been passing through a recession and many areas have been hard hit. The natural reaction is to try to be isolationist on trade. But this is very short-sighted. We hope

that America, Japan and Europe will not lose faith in the system of free trade. This is the system they have been defending and telling us is right for the past half-century and we believe them."

The excitement over the new chemical plants in Jubail on the Gulf and Yanbu in the West coast is nearly palpable in offices in Riyadh. Just an hour's drive north of Dammam, the heartland of Saudi Arabia's oil wealth, the Jubail development

will not lose faith in the system of free trade. This is the system they have been defending and telling us is right for the past half-century and we believe them."

The excitement over the new chemical plants in Jubail on the Gulf and Yanbu in the West coast is nearly palpable in offices in Riyadh. Just an hour's drive north of Dammam, the heartland of Saudi Arabia's oil wealth, the Jubail development

will not lose faith in the system of free trade. This is the system they have been defending and telling us is right for the past half-century and we believe them."

The excitement over the new chemical plants in Jubail on the Gulf and Yanbu in the West coast is nearly palpable in offices in Riyadh. Just an hour's drive north of Dammam, the heartland of Saudi Arabia's oil wealth, the Jubail development

will not lose faith in the system of free trade. This is the system they have been defending and telling us is right for the past half-century and we believe them."

The excitement over the new chemical plants in Jubail on the Gulf and Yanbu in the West coast is nearly palpable in offices in Riyadh. Just an hour's drive north of Dammam, the heartland of Saudi Arabia's oil wealth, the Jubail development

will not lose faith in the system of free trade. This is the system they have been defending and telling us is right for the past half-century and we believe them."

The excitement over the new chemical plants in Jubail on the Gulf and Yanbu in the West coast is nearly palpable in offices in Riyadh. Just an hour's drive north of Dammam, the heartland of Saudi Arabia's oil wealth, the Jubail development

will not lose faith in the system of free trade. This is the system they have been defending and telling us is right for the past half-century and we believe them."

The excitement over the new chemical plants in Jubail on the Gulf and Yanbu in the West coast is nearly palpable in offices in Riyadh. Just an hour's drive north of Dammam, the heartland of Saudi Arabia's oil wealth, the Jubail development

will not lose faith in the system of free trade. This is the system they have been defending and telling us is right for the past half-century and we believe them."

The excitement over the new chemical plants in Jubail on the Gulf and Yanbu in the West coast is nearly palpable in offices in Riyadh. Just an hour's drive north of Dammam, the heartland of Saudi Arabia's oil wealth, the Jubail development

will not lose faith in the system of free trade. This is the system they have been defending and telling us is right for the past half-century and we believe them."

The excitement over the new chemical plants in Jubail on the Gulf and Yanbu in the West coast is nearly palpable in offices in Riyadh. Just an hour's drive north of Dammam, the heartland of Saudi Arabia's oil wealth, the Jubail development

will not lose faith in the system of free trade. This is the system they have been defending and telling us is right for the past half-century and we believe them."

The excitement over the new chemical plants in Jubail on the Gulf and Yanbu in the West coast is nearly palpable in offices in Riyadh. Just an hour's drive north of Dammam, the heartland of Saudi Arabia's oil wealth, the Jubail development

will not lose faith in the system of free trade. This is the system they have been defending and telling us is right for the past half-century and we believe them."

The excitement over the new chemical plants in Jubail on the Gulf and Yanbu in the West coast is nearly palpable in offices in Riyadh. Just an hour's drive north of Dammam, the heartland of Saudi Arabia's oil wealth, the Jubail development

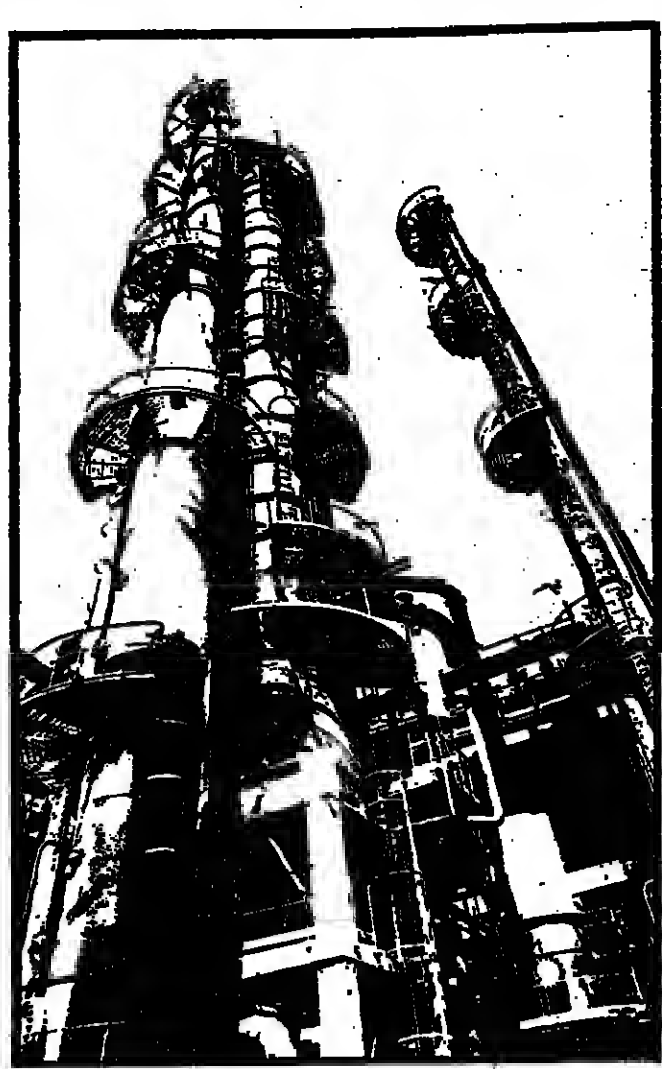
will not lose faith in the system of free trade. This is the system they have been defending and telling us is right for the past half-century and we believe them."

The excitement over the new chemical plants in Jubail on the Gulf and Yanbu in the West coast is nearly palpable in offices in Riyadh. Just an hour's drive north of Dammam, the heartland of Saudi Arabia's oil wealth, the Jubail development

## WORLD PETROCHEMICALS

# Saudi Arabia plays an ace

By Carla Rapoport and Hilfra Tandy



Sheikh Abdul Aziz Al-Zamil, chairman of Sabic.

major chemical companies are attempting to join the Saudis in some form or other.

"We are not interested in a war in which the losers are already being spotted. The American chemical industry, with its plants like Du Pont and Dow, will be fairly well insulated from Saudi Arabia's entrance on world markets because of its large domestic market and because of the relatively high freight rates for shipping chemicals from the Middle East to America."

Much more vulnerable will be the European producers, notably the French and the Italians who remain burdened with more employees and capacity than needed in their chemical industries due to restrictive government legislation on employment.

"Japan has always been short of natural resources, so we were psychologically and physically prepared to take difficult decisions on cutting our chemical sector back to a minimum," says Mr. Jim Kamimura, manager of corporate planning for Shari, Sabic's joint-venture with a Mitsubishi Japanese consortium.

"But Europe still thinks it is strong in this industry," continues Mr. Kamimura, "and even if it realises that it has deep problems on overcapacity, how can the various countries and companies get together and discuss it?"

In fact, they do get together to discuss the issues, but agreements on a European-wide basis have far been found for the problems of overcapacity. In the meantime, almost every one of Europe's

chemicals division, at first in the UK and then, in the early 1980s, in the U.S.

Halstead's main relaxation is on the farm he bought six years ago in East Sussex. "I know as much about the economics of farming as our animal health chaps," he says. "I'm always testing our products on the farm."

Sniff of success  
Trapped between the taxman and the doctors, tobacco is a declining industry—except for the snuff sector.

Snuff sales were up by 5 per cent last year and this should be good news for Sheffield, where a big chunk of the industry is based.

How did the socialist republic, famed for steel and now for unemployed steelworkers, become Snuff City? It all happened a long time ago with the Wilson family.

The two factories, J. & H. Wilson, a subsidiary of Imperial Tobacco, and Wilson & Co. (Sharrow), an independent, are within a small stone's throw of each other.

The family split happened "sometime in the early 1800s," according to Mark Chaytor, snuff historian, and never healed... but that's Yorkshire.

Chaytor is managing director of Wilson & Co., the smaller of the two businesses. Age 61, he left the Navy and marine engineering to make snuff. He is a member of the Wilson family on his mother's side.

"Who takes snuff? Well, the clergy, people-like archbishops—and barristers. Then the working classes. We always say snuff is taken by chorists and hislops."

The Sheffield connection goes back to Joseph Wilson in the 18th century. He was a silversmith but could never resist a new challenge—he always said that whenever his wife had a new baby he got a new trade. Eventually he bought a recipe for snuff.

Much of Halstead's 20 years with Beecham has been spent in building up the pharmaceuticals division, at first in the UK and then, in the early 1980s, in the U.S.

Halstead's main relaxation is on the farm he bought six years ago in East Sussex. "I know as much about the economics of farming as our animal health chaps," he says. "I'm always testing our products on the farm."

Sniff of success  
Trapped between the taxman and the doctors, tobacco is a declining industry—except for the snuff sector.

(where most of the projects are located) is indeed a stunning vision of ultra-modern technological sophistication set in the Arabian desert.

The ambience of Jubail also contrasts sharply with Riyadh. American teenagers pedal about on bicycles; sailboats line the newly-built docks—and public beaches are being landscaped on an inviting inlet some 5 kms north of the industrial complex. Residential communities, reminiscent of Southern Californian towns with palm trees in every garden, are nearing completion, along with shopping centres and public bus routes.

The Saudis hope that downstream development projects based on the new chemical plants will create a population of some 350,000 people to Jubail by the end of the decade.

Managers of the Jubail plants have few doubts that their products will do well in world markets. They intend to respect current price levels and are already doing so in test marketing projects throughout the world.

But if overcapacity remains throughout the industry and prices begin to slide, the Saudis and their joint venture partners are ready to cut prices just as fast.

In Japan, we have shut down the bulk of our methanol capacity," says Mr. Itoh, head of Sandi Methanol in Jubail. "If we can do it, so can Europe."

On the issue of pricing, he says, "We do not intend to discount, but we have to compete. If others cut, we will follow."

It's a war in which the losers are already being spotted. The American chemical industry, with its plants like Du Pont and Dow, will be fairly well insulated from Saudi Arabia's entrance on world markets because of its large domestic market and because of the relatively high freight rates for shipping chemicals from the Middle East to America."

Much more vulnerable will be the European producers, notably the French and the Italians who remain burdened with more employees and capacity than needed in their chemical industries due to restrictive government legislation on employment.

"Japan has always been short of natural resources, so we were psychologically and physically prepared to take difficult decisions on cutting our chemical sector back to a minimum," says Mr. Jim Kamimura, manager of corporate planning for Shari, Sabic's joint-venture with a Mitsubishi Japanese consortium.

"But Europe still thinks it is strong in this industry," continues Mr. Kamimura, "and even if it realises that it has deep problems on overcapacity, how can the various countries and companies get together and discuss it?"

In fact, they do get together to discuss the issues, but agreements on a European-wide basis have far been found for the problems of overcapacity. In the meantime, almost every one of Europe's

chemicals division, at first in the UK and then, in the early 1980s, in the U.S.

Halstead's main relaxation is on the farm he bought six years ago in East Sussex. "I know as much about the economics of farming as our animal health chaps," he says. "I'm always testing our products on the farm."

Sniff of success  
Trapped between the taxman and the doctors, tobacco is a declining industry—except for the snuff sector.

Snuff sales were up by 5 per cent last year and this should be good news for Sheffield, where a big chunk of the industry is based.

How did the socialist republic, famed for steel and now for unemployed steelworkers, become Snuff City? It all happened a long time ago with the Wilson family.

The two factories, J. & H. Wilson, a subsidiary of Imperial Tobacco, and Wilson & Co. (Sharrow), an independent, are within a small stone's throw of each other.

The family split happened "sometime in the early 1800s," according to Mark Chaytor, snuff historian, and never healed... but that's Yorkshire.

Chaytor is managing director of Wilson & Co., the smaller of the two businesses. Age 61, he left the Navy and marine engineering to make snuff. He is a member of the Wilson family on his mother's side.

"Who takes snuff? Well, the clergy, people-like archbishops—and barristers. Then the working classes. We always say snuff is taken by chorists and hislops."

The Sheffield connection goes back to Joseph Wilson in the 18th century. He was a silversmith but could never resist a new challenge—he always said that whenever his wife had a new baby he got a new trade. Eventually he bought a recipe for snuff.

Much of Halstead's 20 years with Beecham has been spent in building up the pharmaceuticals division, at first in the UK and then, in the early 1980s, in the U.S.

Halstead's main relaxation is on the farm he bought six years ago in East Sussex. "I know as much about the economics of farming as our animal health chaps," he says. "I'm always testing our products on the farm."

Sniff of success  
Trapped between the taxman and the doctors, tobacco is a declining industry—except for the snuff sector.



Sheikh Abdul Aziz Al-Zamil, chairman of Sabic.

major chemical companies are attempting to join the Saudis in some form or other.

"We are not interested in a war in which the losers are already being spotted. The American chemical industry, with its plants like Du Pont and Dow, will be fairly well insulated from Saudi Arabia's entrance on world markets because of its large domestic market and because of the relatively high freight rates for shipping chemicals from the Middle East to America."

Much more vulnerable will be the European producers, notably the French and the Italians who remain burdened with more employees and capacity than needed in their chemical industries due to restrictive government legislation on employment.

"Japan has always been short of natural resources, so we were psychologically and physically prepared to take difficult decisions on cutting our chemical sector back to a minimum," says Mr. Jim Kamimura, manager of corporate planning for Shari, Sabic's joint-venture with a Mitsubishi Japanese consortium.

"But Europe still thinks it is strong in this industry," continues Mr. Kamimura, "and even if it realises that it has deep problems on overcapacity, how can the various countries and companies get together and discuss it?"

In fact, they do get together to discuss the issues, but agreements on a European-wide basis have far been found for the problems of overcapacity. In the meantime, almost every one of Europe's

chemicals division, at first in the UK and then, in the early 1980s, in the U.S.

Halstead's main relaxation is on the farm he bought six years ago in East Sussex. "I know as much about the economics of farming as our animal health chaps," he says. "I'm always testing our products on the farm."

Sniff of success  
Trapped between the taxman and the doctors, tobacco is a declining industry—except for the snuff sector.

Snuff sales were up by 5 per cent last year and this should be good news for Sheffield, where a big chunk of the industry is based.

How did the socialist republic, famed for steel and now for unemployed steelworkers, become Snuff City? It all happened a long time ago with the Wilson family.

The two factories, J. & H. Wilson, a subsidiary of Imperial Tobacco, and Wilson & Co. (Sharrow), an independent, are within a small stone's throw of each other.

The family split happened "sometime in the early 1800s," according to Mark Chaytor, snuff historian, and never healed... but that's Yorkshire.

Chaytor is managing director of Wilson & Co., the smaller of the two businesses. Age 61, he left the Navy and marine engineering to make snuff. He is a member of the Wilson family on his mother's side.

"Who takes snuff? Well, the clergy, people-like archbishops—and barristers. Then the working classes. We always say snuff is taken by chorists and hislops."

The Sheffield connection goes back to Joseph Wilson in the 18th century. He was a silversmith but could never resist a new challenge—he always said that whenever his wife had a new baby he got a new trade. Eventually he bought a recipe for snuff.

Much of Halstead's 20 years with Beecham has been spent in building up the pharmaceuticals division, at first in the UK and then, in the early 1980s, in the U.S.

Halstead's main relaxation is on the farm he bought six years ago in East Sussex. "I know as much about the economics of farming as our animal health chaps," he says. "I'm always testing our products on the farm."

Sniff of success  
Trapped between the taxman and the doctors, tobacco is a declining industry—except for the snuff sector.

Snuff sales were up by 5 per cent last year and this should be good news for Sheffield, where a big chunk of the industry is based.

How did the socialist republic, famed for steel and now for unemployed steelworkers, become Snuff City? It all happened a long time ago with the Wilson family.

# EXTTEL CARDS

— for the best value in Company Information.

A 'Selected Service' of Extel Cards covering any 20 U.K. listed companies, kept fully updated for one year, costs just £58 (£87 overseas).

Larger selections offer even better value. Ask for details—today!

To Extel Statistical Services Ltd.  
 37-43 Paul St. London EC2A 4PB.  
 Phone: 01-253 3400. Telex: 262687

Please send me details of EXTTEL CARDS

Name \_\_\_\_\_

Position \_\_\_\_\_

Firm, etc. \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_

Extel

Observer

Financial

Inf

Financial

Inf

Financial

Inf



## ECONOMIC VIEWPOINT

## Infrastructure without emotion

By Samuel Brittan



HOW PUBLIC SECTOR INVESTMENT LOSSES OUT

Percentage change in expenditure totals in cost terms

	Estimated for years 1980-81 to 1983-84	1984-85	Plans for years 1985-86	1986-87	1984-85
	Annual Average		Annual		Annual Average
Planning Totals					
— as published	1.4	0.0	0.3	-0.3	0.0
— adjusted*	2.5	0.7	0.0	-0.5	0.1
Current Expenditure on Goods and Services	3.7	-0.2	-0.1	-0.5	-0.3
Fixed Investment	-4.1	-13.8	2.2	-0.9	-4.2
Grants and Subsidies	3.6	-2.7	0.3	-0.3	-0.9

\*By Treasury Committee

Source: House of Commons Treasury Committee

MY DESK dictionary defines infrastructure as "airfields, telecommunications, and public services forming a basis for defence." In contemporary economic discussion, however, infrastructure is given a more civilian connotation and tends to mean primarily the stock of public capital which can be used without charge: roads, sewers, public buildings, parks, playing fields and the general visible stock of public amenities. In broader discussion the infrastructure also includes public utilities such as gas, electricity, telecommunications, and perhaps housing.

One only has to pick up the letters column of any newspaper to see demands for "more infrastructure investment." A good many come from interested parties, as the addresses reveal, but by no means all. The most frequent middle-of-the-road criticism of the UK Budget, which was otherwise widely praised, and which also stimulated demand, was that there was no special programme to "improve the infrastructure."

This article will inevitably be seen by the infrastructure lobby as an attack on infrastructure investment, which it most certainly is not. If the nation's sewers are in the state of disrepair, it is not the infrastructure lobby that they should be put right even if it means cuts in other kinds of public or private expenditure. Indeed I would be more upset than 99 per cent of other people if sewage spilled over the streets or the drains became chronically blocked, as I am hypersensitive to the more visceral aspects of human existence.

What I do want to see is a more serious and less emotional examination of the infrastructure investment issue. It is especially important for employment creation; and that at a time of high unemployment it is wise to increase public expenditure in infrastructure purposes in a way that would be unwise for other kinds of public or private spending. If there are idle hands and unsatisfied needs, there should be a properly functioning society to bring them together. The main mechanism, which tends to become clogged up, is the movement of prices and wages to market-clearing levels. Governments may be able to

help by maintaining the total flow of expenditure — which economists call aggregate demand — at an appropriate level. But as we know from hard experience, there are strict limits to how far they can go. If they are really to stimulate output and jobs rather than set off an ever-increasing inflation.

The question which I want to discuss is, in situations where demand can be stimulated, why is infrastructure investment preferred to any other kind of stimulus, such as tax cuts, other government spending, or lower interest rates, all of which stimulate expenditure on goods and services? Keynes once even suggested buying round holes in holes in the ground, leaving the profit motive to do the rest. Friedman suggested dropping dollar bills by helicopter.

On the face of it, the preference for infrastructure is surprising. One would have thought that in situations of genuine demand deficiency one way of giving people pound, dollar or mark notes to spend would be as good as any other. Should not the case for repairing sewers or restoring public buildings be stated on its merits rather than as a magic means to higher employment?

One of the principal reasons why Keynes backed infrastructure investment, rather than other public spending or tax cuts, is that he retained a residual attraction for the notion of a balanced Budget. Until a couple of decades ago there used to be a "line" in the Budget Accounts. Items below the line did not correspond to capital investment as such, but were simply those items for which Parliament had given permission to borrow. Keynes, when he was helping Lloyd George in plans to tackle unemployment, assumed that infrastructure could be financed from special funds "below the line" — what the Americans call off-Budget expenditure.

This became very clear in Keynes's wartime exchanges with James Meade on postwar employment policy. Meade, who was the more logical Keynesian, argued strongly for deficit finance in time of slump, while Keynes himself was anxious to avoid overt deficits as long as possible and to stimulate investment by ways which did not show conspicuous red ink.

Now, however, even "sound money" governments, such as those of Germany and Britain, do not aim at balanced budgets as such, but simply to keep borrowing under control. The old conventions separating out "below the line" or off-Budget items have gone, and economists differ by tens of billions on what the true public sector deficit is, whether in the U.S. or the countries of the EEC.

In contrast to tax cuts. This is the least into savings. While direct Government expenditure is by definition all spent, some of the proceeds of tax cuts are saved. So a larger tax cut is required to have the same stimulative effect as a given public expenditure increase.

To which, one is tempted to reply "So What?" The greater demand potency of public expenditure is only a conclusive argument in its favour, if a particular government borrowing figure is treated as sacred.

If, however, the Government's borrowing objective is treated as an intermediate objective, designed to be consistent with non-inflationary growth, then it does not matter so much if one particular route back to higher but sustainable employment requires a higher public borrowing target than another.

There is a fourth and slightly better argument for public works, which is that they are labour intensive. Even apart from the imports and savings leaks, public works are supposed to create more jobs per pound, mark or franc of domestic expenditure than other kinds of public projects are less productive and are paid correspondingly less. But a more serious interpretation is that the ratio of labour, especially unskilled labour, to capital and specialised management, is higher in infrastructure projects than elsewhere.

If labour is a surplus factor why not indeed direct economic growth into labour-using channels? This is true only up to a point. If a country's citizens desire to spend a high proportion of their marginal income on public projects, well and good. But if they do not, are not in labour shortage, and are not in a position to spend more on public projects, well and good. But if they do not, are not in labour shortage, and are not in a position to spend more on public projects, well and good.

The argument is sound only in an insular context. Remember that the jobs gained by stopping leaks into imports at home are jobs lost by the exporting countries. If the main industrial nations concerned their demand management, the leaks would affect each other.

Germany would benefit from a British stimulus and vice versa; both would benefit from the expansion of the U.S. economy. There are, after all, any number of economic summits and OECD and European Community meetings where participants are only looking for some successes they can achieve in common. A third argument relates not just to public works, but to public expenditure in general

## Lombard

## A blinkered view of U.S. policies

By Jurek Martin in Tokyo

WHEN Gary Hart began winning a few primaries, no country was more perplexed than Japan. At first blush, it is difficult to understand why Japan should have been taken especially unawares. After all, no country invests more time and effort in studying the United States. On top of normal diplomatic and commercial representation, individual ministries even retain separate sets of lobbyists, consultants and advisers to cover the Washington waterfront, while American luminaries are brought to Japan by the dozen to explain the mysterious ways of Japan's most influential ally and its most important trading partner.

But it quickly emerged that Senator Hart had somehow slipped through the seams of the Japanese dragnet. Officials solemnly announced that new special investigations were being conducted to discover who he was, in the meantime, Japan held its collective breath and suddenly it was let out with a giant sigh of relief. Gary Hart, official Japan pronounced, was all right, and certainly better than Walter Mondale, for one very simple reason: he was not a socialist.

And this is indicative of a rather peculiar Japanese problem: having lived by the trade sword, Japan runs the risk of being lost on its own terms. At the end we are left with some macroeconomic case for some public works investment in some circumstances; the best recent occasion for it was at the bottom of the recession in 1980-82 and it perhaps may exist in some regional black-spots now. It is hardly the main cure for unemployment.

There are knowledgeable people who believe that the fabric of the country is rotting, and that it will be much more expensive to reconstitute it, if it is neglected now. They should make the case on exactly those grounds and argue for more resources in competition with other kinds of public and private spending. The best way to make sure that the sewers really do overflow is for sewerage experts to neglect their own expertise and to invoke controversial macroeconomic arguments of only partial and occasional validity.

## Party funding and Euro-loot

From Mr T. McNally

Sir, — It is perhaps a sign of how our standards of public life and our sense of fair play that there has not been a greater sense of public outrage at the way £45m of taxpayers' money has been monopolised by the two old parties.

Margaret Van Hattem's article (March 27) has the neutral headline "Parties make creative use of pennies from Europe" and in her text she concedes that distribution is "somewhat lopsided." The fact is that a distorted, unfair and unrepresentative system of electing members to the European Parliament has resulted in this grotesque misallocation of public funds.

Margaret Van Hattem draws attention to how the Conservatives have been able to lavish funds on PR conferences and pro-Conservative literature which are bound to have had a domestic political impact. She also draws attention to the previously little-known fact that the Conservative general funds may have profited by as much as £200,000 from prudent investing of the Euro-loot. So we have the hypocrisy of the Conservative Party with all four trotters well and truly in the trough and yet trying to retain a puritanical disdain for state funding of political parties.

In my home constituency of Tower Hamlets I recently noted in the local Press what was, by Labour Party standards, a quite lavish advertisement inviting local pensioners to "spend a morning with Neil Kinnock." Close scrutiny of the fine print revealed the attendance of the local MEP and a fraternal visit from Belgium. This was quite clearly of secondary importance, however, but my unworthy thought is that the

## Letters to the Editor

meeting and advertising was financed from Euro-funds, and that this wheeze has been repeated, many times over, around the country.

Likewise, Miss Van Hattem innocently states that "unlike the Tories, Labour has little faith in the efficacy of an advertising campaign in national newspapers, but it has been publishing impressive pull-out supplements in its own paper, Labour Weekly." I bet it did! But how much was that decision based on the efficacy of advertising in that largely unread journal and how much was it a convenient way of subsidising Labour Weekly with Euro-funds and thus Labour's propaganda effort in general?

My complaints are not simply sour grapes from a member of the SDP. The sums allocated by the European Parliament were out of all proportion to those usually available to British political parties. If the Conservative and Labour parties had not allowed themselves to be bedazzled by the sums they would have followed the procedure used in establishing European Parliamentary salaries and ensured that the sums available were tailored to British scales of election expenditure and that the distortions of the first-past-the-post system were not fed into the distribution of public funds. As it is, any retrospective equity which will be introduced into the system will be more to the efforts of Piet Dankert, the president of the Parliament, than any striving for fair play by the British Conservative and Labour Parties.

Nothing can now be done to prevent the abuses inherent in both the funding system and the electoral system from effectively disenfranchising millions of British voters; but I hope those in the Labour and Conservative parties who want to create a democratic European community will feel just a little ashamed at how their parties have happily accepted short-term financial and political advantage at the expense of wider ideals.

Tom McNally,  
GEC Information Systems,  
Remble House,  
Remble Street, WC2.

## Trading in the EEC

From Teddy Taylor, MP

Sir,—Your long leading article (March 24) entitled "Smoldering on the brink" about the EEC negotiations stressed that the UK had been a major beneficiary from membership on the trade side.

This surprised me as official Government statistics show that while the UK had a nice surplus in manufactured trade with the EEC in every year before membership, there has been a large and growing deficit in every year since then. Last year (1983) the deficit reached another record at £8bn.

As regards volume of trade, it was also interesting to learn that a general issue of new codes by the tax office is not needed for these. For this reason the question of moving Budget Day does not arise. (Sir) Lawrence Airey,  
Somerset House, W.C.2.

Whatever the reasons for this alarming deficit in trade with the Common Market, I doubt if it is possible to refer to the post 1973 trends as a "major benefit."

Nor do I see much merit in your suggestion that we could benefit in the future from massive public investment on a Euro-scale, whether on air-buses, computers, or other such activities in the field of high technology. The Conservative Government has wisely and correctly looked with little sympathy on plans for major increases in public expenditure on industry; and I do not think that the argument changes on a Euro-scale.

Teddy Taylor,  
House of Commons, SW1.

## Tax coding notices

From the Chairman, Inland Revenue

Sir,—Mr David G. Eynon asks (March 22) why inspectors of taxes cannot wait until after the Budget changes are announced before sending out notices of coding.

I can assure Mr Eynon that it is not wasted work to amend PAYE codes before the Budget. Amendments are made only where a known change of circumstances means that a new coming tax year, whatever the Budget proves to contain. Except for a small minority of cases, the Budget itself will not call for further code amendments to be issued to individuals.

Budget changes in the major personal allowances are handled by employers on instructions from the Revenue, so that a general issue of new codes by the tax office is not needed for these. For this reason the question of moving Budget Day does not arise. (Sir) Lawrence Airey,  
Somerset House, W.C.2.

## The Budget and capital allowances—the rate goes up

From the Chairman, Tax Committee, London Chamber of Commerce and Industry

Sir,—The consequences on the amount of tax payable by companies as a result of the changes proposed by the Chancellor in his budget do not appear to be fully understood. Mr Robinson (March 26) has not appreciated the effect of clawback of past capital allowances. Indeed the position is worse than he set out in Anthony Jacobs' letter of the same day. As a result of the withdrawal of first year allowances, even with the lower rates of corporation tax, many com-

panies will in fact be paying corporation tax at a higher rate than the former 32 per cent.

If one takes an example of a company with an annual profit of £400,000 and capital expenditure of £500,000 the effective rate of corporation tax over the next few years becomes as high as 62 per cent as can be seen from the table. Budget speech the Chancellor stated that after the change to the capital allowance rules the relief would still on average be rather more generous than would be provided by a strict system of commercial depreciation. This

would not appear to be the position, unless there are some special provisions in the Finance Bill and it is to be hoped that the Chancellor will find some way of avoiding this

Y/E	Profit	Depn.	Capital	Taxable	Tax	Effective
31/3	400+				rate	rate
	£000	£000	£000	£000	%	%
1984	900	500	400	50	200	50
1985	900	375	525	45	235	50
1986	900	250	650	35	265	62
1987	900	211	689	35	241	60
1988	900	283	617	35	215	54
1989	900	338	562	35	187	49
1990	900	373	527	35	153	46

clawback of past allowances which would have a damaging effect on commerce and industry.

A. A. Forwood,  
69 Cannon Street, EC4.

# This Ad is worth £5000

## towards the purchase of a 32-bit commercial minicomputer.

It's not that we expect such an incentive to sway perhaps the most important decision your company is going to make this year. Quite frankly, it is a marketing ploy to bring your attention to the brightest new entry into the multi-terminal business computer market.

The C HORSE out-performs similar offerings from the major manufacturers. It runs under the UNIX operating system and the list of applications software available for C HORSE expands daily. And it is available from a company that has served Britain's commercial computer market for longer than most.

Simply clip the coupon below and return it to ABS. By return we will send you a document worth £5,000 off the purchase of an ABS C HORSE system.

To find out more about the C HORSE now, contact your local sales and support centre.

MANCHESTER (061) 737-2211

RUGBY (0788) 62916/7

BRIGHTON FAX 0p111 (0273) 421509 Telex 87488 ABSBRI G

RICKMANSWORTH (0923) 776666 Telex 922102 CEMRIC G

A member of The Trafalgar House Group

**ABS**  
COMPUTERS

ABS Computers,  
North Street,  
Portsmouth,  
Brighton.

**C HORSE**

TO: Chris Pullen, ABS Computers, North Street, Portsmouth, Brighton.

Please send me information on ABS C HORSE computer system with details of your special £5K offer.

Name \_\_\_\_\_  
Address (or attach your business card) \_\_\_\_\_

FT 29384







**TAYLOR  
WOODROW**  
TEAMWORK IN HOMES  
WORLDWIDE

## SECTION II - INTERNATIONAL COMPANIES FINANCIAL TIMES

Thursday March 29 1984

Hunting Gate  
**4444**  
More than builders  
0462 3 4444

### French BP reduces deficit sharply

By Paul Bette in Paris

SOCIÉTÉ Française des Pétroles BP, the French subsidiary of British Petroleum, yesterday reported a net loss of FF4.8m (\$1m) for 1983, sharply lower than the deficit of FF14.8m the year before.

The company also reported an improvement in cash flow which was more than twice as high as the negative cash flow of FF1.6m the year before.

The company is going ahead with the closure of its French refinery at Vieux, which will leave it with its large Laverne refinery with a capacity of about 8.5m tonnes a year and a stake in a Strasbourg refinery.

The company is in the middle of heavy investments at Laverne to install a cracking unit costing about FF1.1bn. The bulk of the investment, FF900m, is to be spent over two years ending this year.

Like other refiners in France BP suffered last year from the modifications on its oil products pricing formula. These have now been abandoned by the French administration after protests from the oil industry.

The BP subsidiary's target is to restore cash flow to what is regarded as an acceptable level of between FF1.35m and FF400m a year. Sales by the French subsidiary totalled FF2.9bn last year compared with FF2.7bn the year before.

### Group bids for Harte-Hanks

By Terry Byland in New York

AN INVESTOR group is offering to buy out the equity in Harte-Hanks Communications, a newspaper, publishing, television and radio group based in San Antonio, Texas.

The investors, including members of the senior management and of the "family" which founded the company, have put up a deal with a cash element of \$62.7m plus subordinated debentures with a nominal value of \$24.4m.

Harte-Hanks said members of the Shelton and Harte families will participate in the deal, some by selling their stock at the offered price, and some by exchanging some of their stock for a majority of the outstanding shares of the newly formed investor group.

The two families control about 40 per cent of the equity in Harte-Hanks, which owns 27 daily newspapers, 75 non-daily publications, four television and nine radio stations.

Members of the senior management will also participate in the buyout.

Nicholas Hirst in Toronto describes how cheap Canadian electricity is revitalising a troubled metals industry

## Aluminium lightens the gloom for Quebec

THERE WAS no hiding Mr René Levesque's pleasure when, as premier of the province of Quebec, he signed a deal to bring a \$1.5bn (US\$1.2bn) aluminium smelter project to the deep-water port of Becancour on the St Lawrence River.

The usually dour politician has been even more gloomy lately as his separatist Parti Québécois has lost provincial by-elections and fallen sharply in the opinion polls. But between puffs on his seemingly ever-present cigarette at the signing ceremony, recently, Mr Levesque was all smiles. "It means hundreds of jobs in construction and hundreds of permanent jobs," he said.

A Quebec government company, Société Générale de Financement du Québec (SGF), has taken a 25 per cent stake in the project, incorporated as Aluminerie de Becancour. Pechiney of France has 50 per cent, and Alumar, owned by Alumar, Mitsui and Nippon Steel, the rest.

Production from the first "pot line" with a capacity of 115,000 tonnes, is planned for mid-1986 and the second line, to bring capacity production to 230,000 tonnes, should come on stream in the autumn of 1987. A further increase in capacity to 345,000 tonnes a year will be made depending on market conditions.

Construction will need 1,000 workers and the two pot lines will require 650 permanent employees. That will have a negligible impact on Quebec's present 15 per cent unemployment rate, however.

For Pechiney, the attraction of Quebec is cheap electric power. For that, to some extent, Mr Levesque has to thank his political opponent and predecessor as premier, Mr Robert Bourassa.

Mr Bourassa supported the building of the massive James Bay hydroelectric project, presently providing a 25 per cent more capacity than is needed by the province and by exports to the U.S.

Quebec has become the beneficiary of a worldwide reorganisation of aluminium production. High energy costs in this energy-intensive industry have forced plant closures while demand is expected to grow between 2 and 3 per cent a year up to the year 2000.

Mr Robert Marcus, president and chief executive of Alumar, estimates that over the last four years 2m tonnes of capacity have been taken out of production by high-cost energy producers. The Japanese have shut almost 70 per cent of their capacity. Pechiney has closed two smaller plants in France. Kaiser Aluminum has closed a plant in Texas and Alumar itself has de-

ferred an option to build a new facility in Oregon.

Quebec with its abundant hydroelectric power, has offered the Becancour consortium 40 per cent of the normal industrial electrical rates for five years, with agreement for cheap power for a total of 20 years.

Mr Jean-Claude Label, chief executive of SGF, estimates that with cheap power and Pechiney technology, which uses only 13,500 kWh of electricity per tonne of production, compared with an average 15,500 kWh for the U.S. industry, break-even costs will be around 40 cents a pound.

That would put Becancour among the cheapest producers and, with an average price now of 78 cents a pound, offers the prospect of substantial profit.

The consortium is not the only aluminium group expanding in Quebec. Alcan, which produces its own hydroelectric power, has brought its 171,000-tonne plant at Grande Baie up to full capacity and is shortly expected to announce its intention to go ahead with an estimated \$1.1bn project at La Grande.

Canadian Reynolds Metals, which is to receive a similar cheap energy deal to that won by the Becancour consortium, is almost doubling the capacity of its Baie Co-

menue plant to 280,000 tonnes, and the Quebec government is having preliminary discussions with Kaiser Aluminum.

However, Alcan, the largest producer in Quebec with an annual output there of more than 800,000 tonnes, is concerned at the implications of the Quebec Government's direct involvement in the Becancour project through SGF. Alcan is worried that, through SGF, the government has become both a participant and the referee of the industry. With Pechiney having been nationalised Alcan fears that the growing state involvement in the industry might alter its economics and damage private producers.

Alcan's concern, nevertheless, is mitigated by its long standing good relations with the provincial government in Quebec and its respect for Pechiney.

It is clear that Pechiney was unwilling to go ahead with the Becancour project, about which it first had preliminary talks with the Bourassa government in 1974, without partners. Pechiney lost FF1.3m (US\$330m) in 1982, and is believed to have made another, although much smaller loss, last year.

It raised US\$200m from international debt markets to finance its 35 per cent share in the Tomago smelter in Australia, which recently

started production, and is raising US\$420m to finance its share in the Becancour project. Last year it sold its primary aluminium interests in the U.S. to Alumar for an estimated US\$230m and Alumar took an option to take its 25 per cent stake in Becancour.

SGF has been concentrating its investments in areas where it believes the province has natural advantages, including paper and forest products, hydroelectric equipment and now, through Becancour, aluminium production.

"One of the objectives is to transform the primary aluminium into downstream activities where there is a great deal of value-added return," said Mr Claude Helie, vice-president for finance of SGF.

SGF can take its share of aluminium production from Becancour and sell it or use it as it wishes. Plans for downstream investments at the moment remain tentative, but Mr Manley Schultz, SGF's vice-president for aluminium and a former Alcan executive, says that SGF is looking for larger projects in which it might again take a 25 per cent partnership stake, involving total investment of around \$245m.

Statistics Canada, the central government agency, estimates that investments in manufacturing industry in Quebec this year will jump by 30 per cent.

Enstar, one of the second division U.S. energy companies, with stated net worth of just under \$300m, replied to these moves by a preferred stock issue designed to make the company more difficult to take over. Anyone acquiring 30 per cent or more would have to convert the preferred shares into cash at the highest price paid for the common shares.

This move, however, has attracted considerable criticism from shareholders, including the powerful Belzberg family of Canada, which holds 5 per cent of Enstar, which has sued the company for a scheme "designed to entrench the management".

In the face of this increasing opposition, Enstar's decision to sell out has been greeted enthusiastically by Wall Street, although there is some speculation that the management may seek to retain control by means of a leveraged buyout agreement.

### Schindler forecasts improved earnings

BY JOHN WICKS IN ZURICH

SCHINDLER, the Swiss-owned lift manufacturer, expects group earnings for last year to have been slightly higher than in 1982, when there was a surplus of SwFr 41m (\$19m).

Group sales rose 8.8 per cent to just over SwFr 1.1bn and would have grown a further 6 per cent but for the unfavourable exchange-rate alterations. Part of the overall increase, however, was due to the consolidation of Knigley Lits in the UK and two other acquisitions in Spain and Canada.

Sales of lifts and escalators went up 9 per cent to SwFr 1.57bn last year, while sales of mechanical handling equipment, railway rolling stock and other products rose 7.7 per cent to SwFr 237m.

New order value jumped 14.4 per cent to SwFr 1.57bn, mainly because of a major rolling-stock order. Net profits of Schindler Holding, the parent company, were almost unchanged last year at SwFr 12.89m, and the board is planning unchanged dividends of SwFr 12 on registered shares and participation certificates, and SwFr 60 on bearer shares.

Heiser, the Swiss-based telecommunications concern, increased its sales by 8 per cent last year to SwFr 625m (\$291m). The value of new orders increased to SwFr 677m. Heiser will pay an unchanged dividend of SwFr 52.

Profits did not rise as fast as sales - due largely to a sharp increase in spending on development.

### Dalmine sales drop by 27%

By James Burton in Rome

DALMINE, Italy's leading maker of steel pipes, last year suffered a 27 per cent drop in sales and saw its profitability, which it had been successfully building up in recent years, drop to virtually nothing.

However, the company, which is 90 per cent owned by the state steel holding company Finisider, is still paying a dividend, albeit lower than that of 1982. It also holds out hopes of substantial overseas orders.

Sales amounted to L1,070m (\$630m) compared with the 1982 figure of L1,377m. Net profits plunged to L120m after profits of L130.4m in 1982 and L113.8m in 1981.

The company dipped into its reserves, carried over from 1982, to pay a dividend of L30 a share compared with L70 in 1982.

Another Finisider subsidiary, Nuova Italsider, which operates Italy's main integrated steelworks, announced a loss for 1983 of L128m, compared with one of L108m for 1982. No sales figures were given, but the company said it would be asking shareholders to approve the writing down of its capital from L3,177m to L1,907m, to be followed by a recapitalisation to L3,171m.

### Saléninvest to omit dividend

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SALÉNINVEST, Sweden's biggest shipping group, is to pay no dividend for 1983 following a second very difficult year in depressed shipping markets.

Substantial sales of shares and property helped to balance foreign exchange losses on its heavy debt, however, enabling the group to show a net loss of only SKr 3m (\$391,000) compared with a net deficit of SKr 131m in 1982.

Saléninvest holds a dominant position in the world's refrigerated shipping market and is also involved in dry bulk cargo, oil tankers and oil drilling.

Helped by extraordinary profits of SKr 385m - mainly derived from the sale of property in Stockholm and the sale of shares in the Saba wholesale and retailing group - Saléninvest managed to produce a profit before tax and allocations to reserves of SKr 85m compared with a loss of SKr 384m a year earlier.

Further property and share sales together with the sale of ships should allow the group to show a profit before tax and allocations again in 1984, the management said yesterday.

Group turnover totalled SKr 5,270m compared with SKr 4,990m in 1982 with operating profits (after depreciation) in each year of only SKr 58m.

The group ran up net financial costs of SKr 200m and foreign exchange losses of SKr 178m resulting in a loss after financial items of SKr 318m compared with a loss of SKr 308m in 1982.

The main operating losses on the group's shipping activities came from the oil tanker division and results from the reefer division were also "unsatisfactory".

Statistics Canada, the central government agency, estimates that investments in manufacturing industry in Quebec this year will jump by 30 per cent.

Enstar, one of the second division U.S. energy companies, with stated net worth of just under \$300m, replied to these moves by a preferred stock issue designed to make the company more difficult to take over. Anyone acquiring 30 per cent or more would have to convert the preferred shares into cash at the highest price paid for the common shares.

This move, however, has attracted considerable criticism from shareholders, including the powerful Belzberg family of Canada, which holds 5 per cent of Enstar, which has sued the company for a scheme "designed to entrench the management".

In the face of this increasing opposition, Enstar's decision to sell out has been greeted enthusiastically by Wall Street, although there is some speculation that the management may seek to retain control by means of a leveraged buyout agreement.

### Société Générale holds payout

BY PAUL CHEESERIGHT IN BRUSSELS

SOCIÉTÉ GÉNÉRALE, Belgium's largest industrial and financial holding company, is maintaining its net dividend at BF1.90 (\$1.70) for the third successive year.

In gross terms, however, the dividend is slightly higher because withholding tax for investors covering 1983 dividends has been raised from 20 to 25 per cent.

The rise in values on the Brussels bourse helped the group's holdings to show a capital gain of BF10.9bn (\$209.4m) over book value.

withholding tax for investors covering 1983 dividends has been raised from 20 to 25 per cent.

The rise in values on the Brussels bourse helped the group's holdings to show a capital gain of BF10.9bn (\$209.4m) over book value.

"I give my dealers just 5 seconds to complete and process a deal."



John Cox, Chief Dealer, European Banking Company

"Dealers make expensive book-keepers. If they have to fill in position sheets and deal tickets they're wasting my time and theirs.

The Tantus system is the best answer I know. The dealer has an electronic pad set into his desk.

He points to the relevant section on the pad with an electro-magnetic pointer and every aspect of the deal comes up on his standard monitor: counterparty, rate, amount, payment instructions and so on.

Everything is displayed on the screen in front of him. The deal, limits, profits, position and his position sheet.

Customer confirmations are produced within seconds of the deal being struck. It's a lot more convenient than keyboard systems. And it keeps my dealers working on what I want them to - dealing."

Tantus: the best method of data capture in the dealing room. Hardware, software and support are provided by the originators. It is both an automated transaction processing system and a complete dealer workstation.

Every installation is adapted to fit an existing mainframe computer. It's simple. And it works.

Tantus can give your Dealing Room the edge. Call Julie Holland on 01-878 8277 for details, or write to her at Tantus Microsystems Limited, 173 Sheen Lane, East Sheen, London SW14 8NA

Tantus

## VILLE DE MONTREAL

Québec, Canada

U.S. \$70,000,000

12½% NOTES DUE 1991

Issue Price 100%

CITICORP CAPITAL MARKETS GROUP

ALGEMENE BANK NEDERLAND N.V.  
BANQUE NATIONALE DE PARIS

BANQUE BRUXELLES LAMBERT S.A.  
CHASE MANHATTAN CAPITAL MARKETS GROUP

DAIWA EUROPE LIMITED  
FUJI INTERNATIONAL FINANCE LIMITED  
MOLSON ROUSSEAU INC.  
UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

DOMINION SECURITIES AMES LIMITED  
IBJ INTERNATIONAL LIMITED  
ORION ROYAL BANK LIMITED  
WESTDEUTSCHE LANDESBANK  
GROZENTRALE

AL-MAL GROUP  
BANQUE GUTZWILLER, KURZ, BUNGENER S.A.  
BERLINER HANDELS- UND FRANKFURTER BANK A.G.  
CREDIT LYONNAIS  
GROZENTRALE UND BANK DER OESTERREICHISCHEN SPARKASSEN  
MITSUBISHI FINANCE INTERNATIONAL LIMITED  
THE NIKKO SECURITIES CO., (EUROPE) LTD.  
NOMURA INTERNATIONAL LIMITED  
PIERSON, HELDRING & PIERSON N.V.  
SOCIÉTÉ GÉNÉRALE  
VEREINS- UND WESTBANK

BANK LEU INTERNATIONAL LTD.  
BASLER KANTONALBANK  
CHEMICAL BANK INTERNATIONAL GROUP  
DRESDNER BANK A.G.  
LEVESQUE BEAUBIEN INC.

MITSUBISHI TRUST & BANKING CORPORATION (EUROPE) S.A.  
NIPPON CREDIT INTERNATIONAL (HK) LTD.  
NORDEUTSCHE LANDESBANK GROZENTRALE  
SANWA BANK (UNDERWRITERS) LIMITED  
SUMITOMO TRUST INTERNATIONAL LIMITED  
YAMAICHI INTERNATIONAL (EUROPE) LIMITED

These securities having been sold, this announcement appears as a matter of record only.



March 1984



CITY OF TURIN  
U.S.\$10,000,000 9% Bonds 1991

S. G. WARBURG & CO. LTD., announce that the annual redemption instalment of US\$500,000 due 1st May, 1984 has been met by purchase in the market to the nominal value of US\$150,000 and by a drawing of Bonds to the nominal value of US\$350,000.

The distinctive numbers of the Bonds drawn in the presence of a Notary Public, are as follows:-

6	36	84	105	126	150	201	221	251
209	335	385	402	465	500	592	604	659
874	891	712	752	774	796	826	856	882
936	981	1021	1070	1118	1147	1210	1248	1308
1326	1352	1413	1443	1490	1504	1627	1634	1691
1714	1735	1759	1779	1783	1784	1884	1907	1831
2075	2143	2221	2265	2303	2325	2380	2462	2520
2589	2629	2660	2691	2709	2733	2751	2781	2800
2881	2916	2946	2953	3110	3131	3199	3246	3283
3354	3384	3402	3421	3475	3492	3520	3655	3680
3807	3826	3849	3869	3895	3913	3931	3946	3981
3999	4015	4032	4086	4222	4283	4318	4348	4385
4401	4420	4435	4482	4683	4731	4845	4887	4840
4701	4785	4802	4822	4850	4864	4884	5020	5033
5119	5169	5222	5241	5260	5279	5301	5320	5383
5415	5442	5461	5475	5562	5583	5610	5628	5646
5701	5710	5732	5751	5769	5784	5818	5834	5854
5916	5932	5951	5971	5986	6004	6023	6039	6056
6101	6119	6134	6161	6179	6220	6340	6355	6387
6424	6454	6481	6559	6579	6593	6610	6626	6655
6821	6821	6850	6886	7022	7101	7124	7140	7169
7213	7230	7246	7263	7280	7345	7363	7456	7581
7694	7699	7713	7831	7947	7963	7981	7996	8012
8046	8062	8070	8094	8110	8127	8143	8180	8175
8209	8225	8242	8256	8274	8290	8306	8324	8340
8373	8389	8405	8423	8436	8463	8471	8486	8503
8535	8552	8570	8585	8602	8616	8633	8650	8666
8693	8690	8695	8712	8729	8745	8762	8779	8795
8826	8842	8859	8876	8893	8910	8926	8943	8959
8986	9002	9019	9036	9053	9069	9086	9102	9119
9146	9162	9179	9195	9212	9228	9245	9261	9278
9304	9320	9337	9353	9369	9386	9402	9419	9435
9471	9487	9503	9519	9536	9552	9569	9585	9602
9638	9654	9671	9687	9703	9720	9736	9753	9769
9786	9802	9819	9835	9852	9868	9885	9901	9918

On 1st May, 1984 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:-

S. G. WARBURG & CO. LTD.,  
30, Gresham Street, London, EC2P 2EB,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st May, 1984 and Bonds so presented for payment must have attached all coupons maturing after that date.

US\$3,500,000 nominal amount of Bonds will remain outstanding after 1st May, 1984.

The following Bonds drawn for redemption on the dates stated below have not as yet been presented for payment:-

2744	1st May, 1983	2770	2810
	1st May, 1982		
2767	2806		
	1st May, 1978		
	2760		

30, Gresham Street, London, EC2P 2EB

29th March, 1984



DATED 29th MARCH, 1984

## REPUBLIC OF FINLAND

ISSUE  
on a yield basis of  
£50,000,000 LOAN STOCK 2009

The Issue Yield (as defined by, and calculated in accordance with the terms of, the Prospectus dated 26th March, 1984) in respect of the above issue is 11.747 per cent. Accordingly, the Stock will bear interest at the rate of 11½ per cent per annum and the issue price is £98.043 per cent.

The first payment of interest, due on 15th October, 1984, will amount to £4.297 per £100 principal amount of Stock.

The application list will open at 10.00 a.m. today, Thursday 29th March, 1984 and will close later the same day.

Baring Brothers & Co., Limited  
on behalf of  
Republic of Finland

## Companies and Markets

## INTL: COMPANIES &amp; FINANCE

## Provisions push HK Land deeper into the red

BY ROBERT COTTELL IN HONG KONG

THE Hongkong Land Company, one of the world's largest property groups yesterday reported a HK\$1.3bn (U.S.\$164m) attributable loss for 1983 compared with a loss of HK\$500m in 1982, adjusted for a change in accounting policy. Hongkong Land plans to pay a token 1 cent final dividend, to maintain the company's trustee status.

Mr David Davies, who took over last October as Land's chief executive, said that 1983 had been a "really disastrous year" for the Hong Kong property market. Land's profit-and-loss account carries an extraordinary debit of HK\$1.45bn comprising write-downs and provisions against equity investments and development projects. The company has also taken direct to reserves a HK\$2.9bn write-down in its portfolio of investment properties and a general provision of HK\$2bn against properties under development.

Land's shareholders' funds shrank from HK\$19.95bn at end-1982 to HK\$13.74bn at end-1983, equivalent to a shrinkage in net assets per share from HK\$39.31 to HK\$26.41.

Together with its results statement yesterday, Land published a preliminary balance sheet showing long-term liabilities of HK\$13.35bn, together with a HK\$1.9bn instalment payment due this year on the site of its Exchange Square

property development in Hong Kong. Mr Davies said that group borrowings will peak at around HK\$16bn in 1985-87, but would be amply covered by HK\$22bn in available credit facilities.

Mr Simon Keswick, the chairman, said that the company's new management had raised HK\$3.1bn in net cash proceeds from the sale of assets not regarded as central to operations. Recent group asset sales include an equity stake in the Hongkong Telephone Company, Hawaiian properties, and a reduction from 43.1 per cent to 25.5 per cent in the group's shareholding in Jardine Matheson, the Hong Kong trading conglomerate. The Jardine sale took place in 1984, but a provision against Land's book loss on the deal was made in the group's 1983 accounts.

Mr Keswick noted that Hongkong Land had cancelled or deferred several major projects — including the terminated residential development at Redhill on Hong Kong Island. Mr Davies said yesterday it had not been determined whether Land would be called upon to pay its 35 per cent share of a HK\$1.9bn instalment payment due in May on the Miramar site in Kowloon.

Land is a shareholder in a joint venture company, Beaux Estates, which had planned to develop the site. Another of



Mr Simon Keswick, chairman of Jardine Matheson.

Beaux's shareholders, Carrion, is in liquidation. Mr Davies said it would be for Beaux to decide whether or not to meet the HK\$1.9bn call.

Mr Keswick also reported yesterday in his capacity as chairman of Jardine Matheson, Land's sister company. He reported a net profit of HK\$139m, which together with HK\$300m of exchange translation gains and HK\$85m of extraordinary losses, made a profit

attributable to shareholders of HK\$391m. In 1982, Jardine reported a HK\$708m net profit, reduced by extraordinary debits of HK\$930m of attributable profits. Jardine charged against its 1983 profits a HK\$195m provision against the value of its shipping fleet.

A final dividend of 30 cents makes 40 cents for the year, half the 80 cents paid in 1982. Earnings per share fell from HK\$1.77 to 34 cents. Mr Keswick said Jardine is improving its cash flow and balance sheet, and that he is confident of a "substantial increase" in profits in 1984. He said Jardine's shareholders' funds stood at HK\$3.3bn at end-1983, while the debt-equity ratio had been improved from 0.81 to 0.75.

Jardine owns 36 per cent of Hongkong Land. For 1983, the two companies have changed their method of accounting one another's profits for the second successive year. In 1982, when Land also owned 43.1 per cent of Jardine, the two companies equity accounted each other's profits, and adopted a formula called the "bogie method" to describe the compounding effect of the mutual stakes. For 1983, Jardine is equity-accounting for its stake in Jardine to 26 per cent, and has accounted for Jardine in 1983 solely on the basis of dividends received.

Mr Keswick announced yesterday that Jardine plans to incorporate a new ultimate holding company in Bermuda. He said the move would obviate trading partners' anxieties about Hong Kong's future beyond 1997, when Britain's lease on the Territory runs out. He said that Jardine currently employs about 70 per cent of its funds in Hong Kong, the balance overseas. He said he would like that ratio to move closer to 50-50, but this would be achieved through building up interests overseas, not reducing them in Hong Kong.

Mr Keswick said the Bermuda move would help ensure that Jardine continued to operate under a British legal system. "We are essentially a British managed company," he said, adding that "we want to remain so long as possible under a British jurisdiction." He said he expected news of the move to be a "one-day wonder" in the stock market.

Bermuda is a self-governing British colony, 770 miles from New York. It has a local legislature, the House of Assembly, and is a member of the Commonwealth. Jardine's equity-accounting for its stake in Jardine to 26 per cent, and has accounted for Jardine in 1983 solely on the basis of dividends received.

"We shall be looking at the group sales were \$423m, though not necessarily at newspapers," said Mr Packer.

Grindlays Eurofinance B.V.  
U.S. \$100,000,000  
Guaranteed Floating Rate Notes 1992

Guaranteed on a subordinated basis by

Grindlays Bank p.l.c.

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 28th March 1984 to 28th September 1984 the Notes will bear interest at the rate of 11½% per annum. The Coupon Amount per U.S. \$100,000 Note will be U.S. \$5.688 and the Coupon Amount per U.S. \$10,000 Note will be U.S. \$568.70. The interest payment date will be 28th September, 1984.

Agent Bank  
Samuel Montagu & Co. Limited

## NOTICE OF REDEMPTION

To Holders of  
U.S. \$100,000,000 GMAC Overseas Finance Corporation, N.Y.  
18½% Notes Due April 15, 1985.

Notice is hereby given that pursuant to paragraphs 8 and 9 of the Notes and Section 4(c) of the Fiscal and Paying Agency Agreement dated as of April 15, 1980 between GMAC Overseas Finance Corporation, N.Y. (the Company) and Chemical Bank, Fiscal and Paying Agent, the Company hereby gives notice of its election to redeem all of its 18½% Notes due April 15, 1985. The date fixed for redemption shall be April 15, 1984 and the Notes will be redeemed at the price of 101½% of the principal amount thereof together with accrued interest to the date fixed for redemption. After April 15, 1984 the Notes will cease to accrue interest. The Notes will be redeemed upon presentation and surrender together with all unexpired coupons, if any, maturing on and after the date fixed for redemption at the principal offices of the Fiscal Agent, Chemical Bank, 55 Water Street, Corporate Trust Department in New York City or at the principal offices of Chemical Bank, London, Paris, Frankfurt am Main, Zurich and the principal offices of Banque Generale du Luxembourg S.A. in Luxembourg and Banque Bruxelles Lambert S.A. in Brussels, Belgium.

Chemical Bank, Fiscal and Paying Agent  
on behalf of  
GMAC Overseas Finance Corporation, N.Y.

Dated: March 15, 1984

## IRELAND

U.S.\$50,000,000  
Floating Rate Notes due  
March 1985

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the next interest period has been fixed at 11½% per annum.

The coupon amount will be U.S.\$5.688 and will be payable on 28th September, 1984, against surrender of Coupon No. 7.

Agent Bank:  
Morgan Guaranty Trust Company  
London

## CITICORP OVERSEAS FINANCE CORPORATION N.V.

(Incorporated with limited liability in the Netherlands Antilles)

U.S.\$100,000,000 GUARANTEED RETRACTABLE NOTES DUE 1992

Unconditionally guaranteed by

CITICORP

Notice is hereby given that the new rate of interest on the subject Notes has been fixed at 12½% for the period April 15, 1984 to April 14, 1985. Value of Coupons numbers 3 and 4 in respect of each U.S.\$10,000 nominal amount of the Notes will be U.S\$1,212.50.

By: Citicorp, N.A. (CST) Dept., Agent Bank  
March 29, 1984, London

CITIBANK

## Japanese steelmakers to cut spending

TOKYO—Three major Japanese steelmakers are to substantially reduce their investments in plant and equipment in fiscal 1984 starting next month because of a drop in earnings and uncertain business prospects.

Sumitomo Metal Industries, based in Osaka, will cut its capital spending by 40 per cent from the current fiscal year to ¥90bn (\$900m). Kawasaki Steel and Kobe Steel, both based in Kobe, also envisage sizeable cuts of 28.7 per cent and 23.8 per cent, respectively. Kawasaki will spend ¥110bn and Kobe ¥87.5bn. Sumitomo said it will minimise new investments to repay debts. Kawasaki will focus its investment on the Chiba Steel-works east of Tokyo, while Kobe's investment will centre on high-class and fine goods to diversify its product line. Kobe plans to borrow low-cost overseas funds to repay domestic loans.

## Weekly net asset value

Tokyo Pacific Holdings (Seaboard) N.V.

on 26th March 1984, U.S.\$ 105.57

Listed on the Amsterdam Stock Exchange

Information: Pierson, Hekking & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

## INVEST IN 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively worsening MULTIPLE SCLEROSIS — the cause and cure of which are still unknown — HELP US BRING THEM RELIEF AND HOPE.

We need your donation to enable us to continue our work for the CARE and WELFARE OF MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH.

Please help—Send a donation today to:  
Room F.1  
The Multiple Sclerosis Society of G.B. and N.I.  
286 Munster Road  
Fulham, London SW6 6BE

## Forsmarks Kraftgrupp Aktiebolag

Guaranteed Retractable Bonds 1989/94/99

Unconditionally guaranteed as to payment of principal and interest by

The Kingdom of Sweden

The following have agreed to subscribe or procure subscribers for the Bonds:-

Samuel Montagu & Co. Limited

Baring Brothers & Co., Limited

County Bank Limited

Daiwa Europe Limited

IBJ International Limited

Lazard Brothers & Co., Limited

Morgan Grenfell & Co. Limited

Orion Royal Bank Limited

Enskilda Securities

Skandinaviska Enskilda Bank

PKbanken

Commerzbank Aktiengesellschaft

Credit Suisse First Boston Limited

Hambros Bank Limited

Kleinwort, Benson Limited

Merrill Lynch Capital Markets

Morgan Stanley International

S.G. Warburg & Co. Ltd.

Götabanken

Svenska Handelsbanken Group

The Bonds, issued at 100 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Bond.

Interest is payable annually in arrears on 12th April, commencing on 12th April, 1985.

Full particulars of the Company and the Bonds are available in the Exel Statistical Service and may be obtained during usual business hours (Saturdays excepted) up to and including 12th April, 1984 from the brokers to the issue:-

Rowe & Pitman,  
City-Gate House,  
39-45 Finsbury Square,  
London EC2A 1JA.

Hoare Govett Ltd.,  
Heron House,  
319-325 High Holborn,  
London WC1V 7PB.

29th March, 1984



A B-A-T Industries Report  
Preliminary results for the year ended 31 December 1983

# "Profits have more than doubled over the past three years"



Once again B-A-T Industries has achieved a substantial profit increase in difficult circumstances. The splendid performance of our retailing, paper and packaging businesses, and of our associated companies, has more than offset some decline in tobacco profits.

As a result, Group pre-tax profit rose by 14 per cent to £979 million, while attributable profit was 20 per cent higher at £547 million. The Group's profits have more than doubled over the past three years, a striking achievement by any standards. The latest improvements were achieved despite a modest increase of only 3 per cent in turnover, to £11,846 million.

These figures do not include Eagle Star, which was acquired only after the end of the year, and which is separately reporting today a 33 per cent increase in pre-tax profits for last year to £90 million, in line with what was forecast at the time of our offer.

The year brought many problems for our tobacco activities, and their trading profit declined by 5 per cent. Total volume was down reflecting higher excise duties and continued recession in many countries. We lost market share in the US and West Germany, although in the latter much was regained. We made gains in other markets, with exports from the UK doing particularly well.

Overall our tobacco profits were much improved in the second half of the year, as forecast in our interim announcement, and it is significant that they were also much better than in the second half of 1982. Productivity gains, especially in the US, made an important contribution to this profit recovery.

Retailing had an outstanding year. In the US, our companies were well placed to profit from higher consumer spending. Saks Fifth Avenue did exceptionally well, and continues with a vigorous expansion programme, as does Kohl's Department Stores. All three Gimbels units traded profitably while the Marshall Field group of companies more than justified the high hopes with which we acquired them in 1982. In the UK, Argos continued its strong and profitable expansion, and it was particularly gratifying to see International Stores move into substantial profit.

The emphasis that we place on speciality papers was well rewarded, with important profit increases from Appleton in the US and from Wiggins Teape in the UK. Further rationalisation and some volume increase brought better results from Mardon Packaging and our German home improvements businesses achieved much higher profits.

In general our subsidiaries in North America continued to demonstrate their great inherent strength, and contributed no less than 57 per cent of Group trading profit. But a new and welcome feature of the year was the radical improvement in the UK, where our profits more than doubled to £80 million.

Industrial and geographical diversity remain at the heart of the Group's strategy, and the Eagle Star acquisition showed

our readiness to move on a very large scale into the rapidly growing financial services sector. But we must also withdraw from businesses which do not offer the right growth potential. Last year we disposed of a number of operations, notably Kohl's Food Stores, and since the year-end we have announced our withdrawal from direct selling in the UK cigarette market.

In the light of the excellent increase in profits attributable to the shareholders, the Board will be recommending a final dividend of 4.875p making a total for the year of 8.25p, which compares with a total of 6.875p last year, an increase of 20 per cent. Over the seven years since 1976 dividends will have increased at an average rate per annum of more than five per cent above the rate of inflation and it is our aim that dividends will continue to grow in real terms.

The first two months of 1984 appear to indicate that the world economy continues to pull out of the long recession. Particularly in the industrialised world, but also in many developing countries, our businesses are following on the encouraging trends of the second half of 1983. The Group is poised to move ahead in a more stimulating economic environment, and I shall comment as usual on the prospects for this year at the Annual General Meeting.

*Patrick Sheehy*  
PATRICK SHEEHY, Chairman

## GROUP PROFIT AND LOSS ACCOUNT

Year ended 31 December	1983 £ millions	1982 £ millions	% change
Turnover including duty and excise taxes	11,846	11,507	+3
Trading profit	851	783	+9
Net interest	3	(29)	—
	854	754	+13
Share of associated companies' profit before taxation	125	102	+23
Profit on ordinary activities before taxation	979	856	+14
Taxation on ordinary activities	(373)	(346)	+8
Profit on ordinary activities after taxation	606	510	+19
Attributable to minority shareholders	(59)	(56)	+5
Attributable to B.A.T Industries	547	454	+20
Dividends	120	100	+20
Earnings per share	37.56p	31.22p	+20
Dividends per share	8.25p	6.87p	+20

**EXCHANGE RATE EFFECTS**  
The results of overseas subsidiaries have been translated into sterling for the purpose of this report at exchange rates ruling on 31 December in each year. Over the year to 31 December 1983 sterling weakened against the US dollar with a consequent favourable effect on the sterling figures reported. Had the same exchange rates ruled at the end as at the beginning of the year, it is estimated that the figures would have been as follows:

Year to 31 December 1983	£ millions	% change
Turnover	11,793	+2
Trading profit	823	+5
Profit before taxation	965	+13
Net profit attributable to B.A.T Industries	537	+18

These estimated figures do not include devaluations of the Brazilian cruzeiro and the Argentine peso against the US dollar, to the extent that these devaluations represent the relative decline of the purchasing power of these currencies.

## INDUSTRIAL AND GEOGRAPHICAL ANALYSES

Year ended 31 December	1983 £ millions	%	1982 £ millions	%
<b>INDUSTRIAL</b>				
Turnover	6,138	52	6,468	56
Tobacco	3,528	30	2,997	26
Retailing	1,051	9	974	8
Paper	537	4	537	5
Packaging & printing	592	5	531	5
Other trading activities	11,846	100	11,507	100
Profit	542	64	572	73
Tobacco	165	19	102	13
Retailing	100	12	75	10
Paper	24	3	18	2
Packaging & printing	20	2	16	2
Other trading activities	851	100	783	100
<b>GEOGRAPHICAL</b>				
Turnover	2,167	18	2,189	19
United Kingdom	2,367	20	2,368	21
Europe	4,521	38	3,478	30
North America	1,601	14	2,302	20
Latin America	725	6	721	6
Asia	398	3	370	3
Africa	67	1	79	1
Australasia	11,846	100	11,507	100
Profit	80	9	38	5
United Kingdom	65	8	88	11
Europe	485	57	383	49
North America	113	13	170	22
Latin America	61	7	70	9
Asia	41	5	30	4
Africa	6	1	4	—
Australasia	851	100	783	100

## DIVIDENDS

The directors will be recommending to the shareholders at the Annual General Meeting to be held on 17 May 1984 the payment on 2 July 1984 of a final dividend for the year of 4.875p per ordinary share of 25p. Transfers received in order by the Registrar of the Company up to 4 June 1984 will be in time to rank for payment of the final dividend. The following is a summary of the dividends declared for the years to 31 December 1983 and 1982.

	1983	1982
Interim paid 16.11.83	3.375p	3.125p
Final proposed payable 2.7.84	4.875p	3.750p
	8.250p	6.875p

The dividends per share and earnings per share figures for 1982 have been adjusted to reflect the 3 for 1 capitalisation issue in June 1983.

## INDUSTRIAL REVIEWS

### TOBACCO

Total volume decreased by 5 per cent and in sterling terms turnover and trading profit were also down by that amount. In the US market, Brown & Williamson increased turnover by 6 per cent in dollars and trading profit by slightly less. Its domestic market share of industry shipments declined. Cheap brands further eroded profitability in West Germany but traditional brands recovered to over 80 per cent of the market and BAT Cigarettenfabriken, particularly strong in that segment, regained much of its market share. In Brazil, price increases were below the level of inflation, and margins were eroded by increased excise duty and downgrading. In sterling terms turnover and trading profit were down by 40 per cent. The total UK market was static and margins were depressed.

UK exports showed a 6 per cent volume increase. Turnover and trading profits rose and the strength of the US dollar further helped performance. US export sales continued to be depressed and in the German export trade profitability improved but the previous year's volume gains were reversed.

The successful launch of Barclay in Belgium, Holland and Finland, and its strong progress in Switzerland, gave an encouraging increase in European sales, market share and trading profits.

Apart from Brazil and Venezuela, Latin American turnover and trading profits improved. Better results in Argentina outweighed massive devaluation

and the Chilean company increased market share, turnover and trading profit. Downgrading and currency devaluation adversely affected the results in Venezuela. In Central America, Costa Rica and Honduras performed strongly.

In Asia, increases in total volume and turnover did not compensate fully for higher costs in a number of countries. However, Hong Kong, Pakistan and Bangladesh all showed satisfactory improvements in trading profit. Despite a difficult year in Africa, Group companies performed commendably with better results in Kenya, Nigeria and Sierra Leone.

### RETAILING

In an outstanding year for retailing, there was sharp improvement in the USA and further substantial progress in the UK. A consumer led recovery in the USA made a welcome contrast to the previous year. BATUS Retail Group had sales of over \$3.3 billion. Excluding Kohl's Food Stores, which was disposed of, turnover rose by 28 per cent and trading profit by 36 per cent.

Saks Fifth Avenue had a very strong year, with turnover up 12 per cent and trading profit 26 per cent. The three Gimbels units all traded profitably, with Gimbels Milwaukee raising profit by 79 per cent. Kohl's Department Stores continued its rapid growth, with turnover up by a half and trading profit by 41 per cent in spite of expansion costs. Thimbles increased sales by about 20

per cent and will be expanded this year. Marshall Field increased turnover satisfactorily and trading profit was up by over 32 per cent. Companies acquired with Marshall Field showed excellent improvements. Trading profit of Ivey's-Carolinas rose 76 per cent, and more than doubled at Ivey's-Florida. Frederick & Nelson's profit was up 45 per cent and Breuer's profit nearly tripled.

In the UK, Argos gained sales volume through existing stores and 13 new ones, and 65 of its 134 stores now include the successful Elizabeth Duke jewellery boutiques. Aggressive marketing, volume gains and improved efficiency provided another significant rise in trading profit. International Stores' major refitting continued, a product improvement programme began, with emphasis on fresh meat and produce, and a substantial rise in trading profit came from volume gains in refitted stores and better margins.

### PAPER

The Group's product range, with its emphasis on specialised papers, once more had a better year than the industry in general.

Appleton Papers in the USA made continued strong progress, recording further substantial volume and profit growth for carbonless copying paper and continuing

to gain from years of high investment in production efficiency. Its turnover rose by 13 per cent and trading profit by over 31 per cent in dollars. These results were further enhanced on translation to sterling.

The UK paper market showed some recovery during 1983. Wiggins Teape's UK sales were 7 per cent up with strong growth in fine papers, other speciality grades and the merchanting business. Exports at £98 million were about a third of the group's UK output. There was a significant increase in profit. UK carbonless business reduced its trading loss and most other businesses had higher profits. Margins came under pressure, but improved operating efficiencies and lower costs compensated.

The European carbonless paper business continued to grow strongly, but pressure on prices caused profit to decline. The European merchants showed a 10 per cent growth in sales and trading profit.

### PACKAGING AND PRINTING

Mardon Packaging International's turnover was maintained and trading profit in sterling terms improved by 33 per cent to £24 million. Excluding businesses divested at the beginning of the year, turnover rose by 10 per cent and trading profit by 26 per cent. In the UK and Europe, market conditions generally showed some

improvement, with volume growth coming from recent product introductions, although competition remained fierce. Profit recovered significantly, benefiting from higher volume, rationalisation and improved productivity. The upturn in the North American economy helped the Canadian and US businesses, with volume and profits well up on 1982.

### ASSOCIATED COMPANIES

Associated companies accounted for £125 million of B.A.T Industries' pre-tax profits, an increase of 23 per cent over the previous year.

Inasco's pre-tax profit improved by 21 per cent in Canadian dollars. Its tobacco division increased its market share and trading profit rose by 11 per cent. The Hardee's restaurant business in the USA had a very successful year, with strong turnover growth and trading profit up by a quarter. Shoppers Drug Mart continued profitable growth.

AMATIL increased pre-tax profit by 12 per cent in Australian dollars.

Tobacco products division achieved higher turnover and profits. Staggles poultry profits were lower but the beverage division performed well. Printing and packaging earned substantially greater profits.

Skandinavisk Holding's turnover

These figures for the year ended 31 December 1983 have been extracted from the full financial statements to be delivered to the Registrar of Companies, and carry an unqualified audit report.

The Report and Accounts will be available on 19 April 1984. The Annual General Meeting will be held on 17 May 1984.

# BAT INDUSTRIES

Windsor House, 50 Victoria Street, London SW1H 0NL



All these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

March 1984

FUJITSU

## FUJITSU LIMITED

Communications and Electronics

U.S. \$180,000,000

3 PER CENT. CONVERTIBLE BONDS 1999

ISSUE PRICE 100 PER CENT.

The Nikko Securities Co., (Europe) Ltd.

Kleinwort, Benson Limited

Dai-ichi Kangyo International Limited

IBJ International Limited

Bank of Tokyo International Limited

Banque Paribas

Baring Brothers &amp; Co., Limited

Crédit Lyonnais

Credit Suisse First Boston Limited

Daiwa Europe Limited

Deutsche Bank Aktiengesellschaft

Robert Fleming &amp; Co. Limited

Kuwait Foreign Trading Contracting &amp; Investment Co. (S.A.K.)

Nomura International Limited

Smith Barney, Harris Upham &amp; Co. Incorporated

Swiss Bank Corporation International Limited

Algemeene Bank Nederland N.V.

Banque Nationale de Paris

Bayerische Vereinsbank Aktiengesellschaft

Chase Manhattan Capital Markets Group

Citicorp Capital Markets Group

Daiwa Bank (Capital Management) Ltd.

Dresdner Bank Aktiengesellschaft

Goldman Sachs International Corp.

Kyowa Bank Nederland N.V.

LTCB International Limited

Lloyds Bank International Limited

Manufacturers Hanover Limited

Mitsubishi Finance International Limited

Mitsubishi Trust &amp; Banking Corporation (Europe) S.A.

Mitsui Finance Europe Limited

Morgan Guaranty Ltd.

Morgan Stanley International

New Japan Securities Europe Limited

Nippon Credit International (HK) Ltd.

Nippon Kangyo Kakumaru (Europe) Limited

Okasan International (Europe) Ltd.

Osakaya International (Europe) Limited

Pierzon, Bekking &amp; Pierson N.V.

Saitama Bank (Europe) S.A.

Sanyo International Limited

Société Générale

Société Générale de Banque S.A.

The Taiyō Kobe Bank (Luxembourg) S.A.

Tokai International Limited

Wako International (Europe) Limited

S.G. Warburg &amp; Co. Ltd.

Yamaichi International (Europe) Limited

Yamatane Securities (Europe) Ltd.

Yokohama Asia Limited

## INTL: COMPANIES &amp; FINANCE

## AM International rebuilds on its old foundations

BY ANDREW BAXTER



Mr. Merle H. Banta

AM INTERNATIONAL, the U.S. office equipment company operating under Chapter 11 of the U.S. Bankruptcy Code since the failure of its rush into new technology, is "sticking to the knitting"—the markets it knows best—in an attempt to make a comeback.

The Chicago-based concern, once known as Addressograph-Multigraph, filed for protection from creditors under Chapter 11 in April, 1982, when the deficit in shareholders' funds was \$42.6m. Since then it has undergone a radical transformation based on new products in its core businesses—offset duplicators and printers, phototypesetting machines and engineering graphics products. It now expects to emerge from Chapter 11 by the end of 1984, a year later than first hoped.

However, whether the company can maintain or increase its share in increasingly competitive markets remains to be seen. Wall Street has virtually forgotten about AM, but analysts express views varying from enthusiasm to guarded optimism.

AM's new, cautious approach is a complete contrast to its strategy in the mid-1970s. Then, stung by the success of Xerox, IBM and others in the market for electronic office equipment, AM embarked on an ambitious acquisition programme in order to reduce its dependence on mechanical duplicators and address machines.

A dozen or so companies were bought, all with a strong hi-tech bias, and the products they made included components for cash registers, microfilm, small computers, and devices to count duplicator copies. None made money, and losses were mounting, with a net deficit of \$245m being incurred in the fiscal year to July 31, 1981. Seven businesses, mostly newly-acquired units but including Addressograph, its traditional mechanical addressing machine division, were put up for sale that year. Yet by then the damage had been done.

"I think the strategy was to leapfrog from where AM was in the mid-1970s to maybe 15 years into the future. The leap did not go as planned," Mr. Merle Banta, AM's chairman, said last week. Three steps, says Mr. Banta, had to be taken to "right the ship financially."

First, businesses to be retained had to be made profit-

ably as quickly as possible. Second, cash had to be generated through reducing assets, stocks and accounts receivable. Third, the sale of loss-making subsidiaries had to be completed.

The company refocused on three long-established businesses: ● Multigraphs produces reprographic equipment for in-house print shops and small commercial printers; ● Bruning produces equipment to make and reproduce engineering drawings; ● Varityper makes phototypesetting and composition equipment.

New products have been released by all three divisions—including a Varityper digital typesetter and a new line of Multigraphs small offset printers—and most lines have been upgraded and restyled. Research and development spending will be \$15m in the current fiscal year, up from \$10.5m last year.

The most unusual move, however, for a company in Chapter 11 was the acquisition in May last year of Grafcon, a U.S. manufacturer of computer-aided drafting software, for \$2.5m and royalties. It is rare for a court to allow a company to use cash, that could be paid to creditors, for acquisitions. AM sees Grafcon as a complement to its traditional engineering graphics operation.

## Cuts extensive

The company has also taken steps to improve its marketing, giving autonomy to each of the core businesses, while increasing central control of each international unit.

On the costs side, cuts have been extensive. "Clearly we had been overstaffed, and over-expanded in the real estate areas," says Mr. Banta. Since the filing, 3,000 jobs, mostly in the U.S. have gone, reducing the workforce to 10,000, compared with a peak in 1980-81 of around 13,000. Each of the three product divisions cut its U.S. sites, down from between 60 and 80 to about 30.

A similar slimming operation has been undertaken at AM's international subsidiaries which, with the exception of the Canadian unit, were not part of the bankruptcy proceedings. First, businesses to be retained had to be made profit-

ably as quickly as possible. Second, cash had to be generated through reducing assets, stocks and accounts receivable. Third, the sale of loss-making subsidiaries had to be completed.

The company refocused on three long-established businesses: ● Multigraphs produces reprographic equipment for in-house print shops and small commercial printers; ● Bruning produces equipment to make and reproduce engineering drawings; ● Varityper makes phototypesetting and composition equipment.

New products have been released by all three divisions—including a Varityper digital typesetter and a new line of Multigraphs small offset printers—and most lines have been upgraded and restyled. Research and development spending will be \$15m in the current fiscal year, up from \$10.5m last year.

The most unusual move, however, for a company in Chapter 11 was the acquisition in May last year of Grafcon, a U.S. manufacturer of computer-aided drafting software, for \$2.5m and royalties. It is rare for a court to allow a company to use cash, that could be paid to creditors, for acquisitions. AM sees Grafcon as a complement to its traditional engineering graphics operation.

More important, however, for the company's immediate needs has been a sharp increase in cash, from \$15m at the filing to \$82m now. The balance sheet has been cleaned up, while shareholders' funds are "slightly negative."

To emerge from Chapter 11, a company must have positive net worth. If all goes according to plan, AM will have shareholders' funds of \$60m when it does so.

AM's reorganisation plan was filed on September 29, 1982, the day before it would have been possible for other groups, such as creditors, to submit their own plans to the court. Broadly, all secured claims will be paid in full in cash—around \$30m is owed, mainly to government agencies. Unsecured claims of less than \$750 will also be paid in full, while remaining unsecured creditors will receive a mixture of cash and new common stock. Shareholders will have their old shares exchanged on a one-for-one basis for the new shares of the Corporation of the U.S.

The plan has been agreed by the company's creditors, committee and the drafting committee. Preparation of a disclosure statement is under way, but still to come are public hearings, votes by creditors, and final confirmation hearings before the court.

At the same time the company must resolve around eight legal actions, either in or out of court, with adversaries including Eastman Kodak, the Madison Fund, and the U.S. Government.

Outstanding claims by creditors must also be resolved. Total unsecured claims, says Mr. Banta, range between \$45m and \$275m.

All these factors give a probable date for leaving Chapter 11 of late 1984, roughly 2½ years after the filing. The company has been helped by having a single creditors committee, in contrast with other Chapter 11 bankruptcies where different creditor groups go their separate ways. Even so, it just takes a long time to process all these issues through the court.

Mr. Banta remains optimistic about his future plans, though a three-year financial plan will be included in the disclosure statement to the court.

However, the Grafcon purchase gives a clue to AM's present attitude to technology, pursuing it when geared to our existing customer base, as Mr. Banta puts it. AM admits that its markets are becoming increasingly competitive, particularly the direct printing sector where a mass of Japanese, U.S. and other competitors are jockeying for position. There are new entrants in the type-setting field too, but here Varityper is holding its own against Computographic of the U.S. and Ligotek-Paul, part of Allied Corporation of the U.S.

## Hongkong Land

1983 another difficult year for Hong Kong and Hongkong Land.

**Profits after Taxation**  
Consolidated net profit after tax but before extraordinary items HK\$168 million. Earnings per share 7.8 cents.

**Loss Attributable to Shareholders**  
Loss of HK\$1,282 million after extraordinary losses of HK\$1,450 million.

**Dividends**  
Final ordinary dividend of 1 cent per share proposed.

**Valuation of Properties**  
Shortfall of HK\$2,904 million arising from independent revaluation of investment properties. General provision of HK\$2,000 million made against development properties. Both charged to capital reserves.

**Jardine Matheson**  
Investment accounted for on basis of dividends received.

**Corrective Action**  
— new management team  
— projects cancelled or deferred  
— cash needs also reduced by disposals  
— joint ventures dissolved  
— properties developed for sale reduced.

**Property**  
Total commercial investment portfolio now 4.6 million sq. ft. 93% let. Exchange Square,

Hong Kong Club Building and Fleet House proceeding satisfactorily.

**Food and Hotels**  
Both subsidiaries performed well. Dairy Farm contributing 18% and Mandarin International Hotels 9% of Group profit from operations.

**Cash Availability**  
— Peak borrowing requirement reduced to around HK\$16,000 million  
— Total facilities available some HK\$22,000 million.

Simon Keswick  
Chairman  
Hong Kong, 28th March 1984

## 1983 Results

	1983	1982*
Operating profit		
Investment properties, hotels and food distribution	1,585	1,201
Properties developed for sale	(515)	(42)
Share of profits less losses of associates		
Non-property	451	394
Properties developed for sale	(219)	57
Interest (net)	(849)	(556)
Taxation	(288)	(232)
Minority interests	3	(2)
Profit after taxation and minority interests	168	814
Extraordinary items	(1,450)	(1,314)
Loss attributable to shareholders	(1,282)	(500)
Shareholders' funds**	13,736	19,952
Earnings per share	7.8¢	38.1¢
Dividends per share	1¢	26¢
Net asset value per share	\$6.41	\$9.31

\*As restated for changes in accounting policies.

\*\*Reflects deficit on revaluation of investment properties (HK\$2,904 million) and provision against development properties (HK\$2,000 million).

As at 31st December 1983, £1 = HK\$11.31



The Hongkong Land Company Ltd

Alexandra House, Hong Kong

Jardine, Matheson &amp; Co., Limited

## 1983 Results

**Net profit** was HK\$139 million, 80% decrease from 1982 earnings of HK\$708 million. Exchange translation differences and extraordinary items add a surplus of HK\$300 million and charges of HK\$88 million respectively, leaving the profit available for appropriation of HK\$351 million, compared with HK\$320 million in 1982.

**Earnings per share** declined 81% to HK\$0.34.

**Dividend:** Recommended final dividend of HK\$0.30 making a total of HK\$0.40 for the year (1982: HK\$0.80).

**Group results** achieved against a background in 1983 of continued concern over the future of Hong Kong, a rapidly depreciating Hong Kong Dollar and low rental and capital values in property market.

**Hong Kong & China earnings** generally satisfactory in the light of difficult economic conditions and modest consumer demand, but provisions made against shipping and property assets.

**International earnings** lower than 1982 largely due to reduced activity in South East Asian offshore oil industry.

**Future prospects:** Profits expected to increase substantially in 1984.

	1983 HK\$m	1982 HK\$m
Turnover	10,544	11,240
Profit before tax	567	1,287
Tax	(228)	(298)
Profit after tax	339	989
Minorities	(100)	(273)
Profit after tax and minorities	239	716
Net exchange translation differences	300	173
Extraordinary items	(88)	(661)
Profit available for appropriation	351	320
Earnings per share*	0.34	1.77
Dividends per share	0.40	0.80

\*Before net exchange translation differences and extraordinary items.

The 1983 Annual Report and Accounts will be posted to shareholders on 14th May, 1984.

Simon Keswick  
Chairman  
28th March, 1984



Jardine, Matheson &amp; Co., Ltd

Connaught Centre, Hong Kong

مكتبة الأمل



## THE MANAGEMENT PAGE: Marketing

## Market research

## 'No cloud on the horizon'

BY ANTONY THORNCROFT

LIKE ITS big brother, advertising, market research has been thriving on the back of economic growth. According to the Association of Market Research Organisations—a grouping of 27 market research companies which account for three-quarters of research business—turnover in 1983 rose by 18.6 per cent, showing (because this is the research industry which carries about such a slight real growth, after inflation, of 13 per cent, as against 4 per cent in 1982).

Such is the healthy backdrop against which the Market Research Society is holding its annual conference in Brighton this week. All told, expenditure in the UK on market research has doubled since 1977 to £100m a year and there is no cloud on the horizon. AMRO members estimate growth of 12 per cent in the current year.

Though this suggests a slight slowing down in new business it is expected that as compensation, profit margins should be higher. In 1983 the average profitability of AMRO members dropped from 7.2 per cent in 1982 to 6.1 per cent. This was because the companies took advantage of the boom to invest in new technology. They also had to increase considerably, by an average of 25 per cent, the salaries of their middle managers who are in short supply because graduate recruitment was cut back during the last slight recession in market research in 1979.

Companies generally are optimistic, and are commissioning research into new ventures. They now actually believe that money spent on research produces tangible benefits. As always during a boom it is ad hoc assignments that are expanding fastest; the continuous bread and butter research, like television, audience measurement just ticks over at a profitable rate.

While the General Election of 1983 brought the names of certain research companies into prominence because of their involvement in opinion polls, this is a small (albeit very profitable) part of turnover: about £2m was spent on ascertaining voting intentions. The major feature of a prosperous, but uneventful year, was the growth in telephone interviewing, which has ex-

panded in two years from 2 per cent to 11 per cent, in cash terms, as a method of quizzing the public. A third of all interviews are now conducted by telephone, often by researchers operating computer terminals who press responses immediately into a data bank.

The telephone is also at the heart of the biggest new research contract of the year—British Telecom is investing £2m a year, split between three companies, MAS, IRR and FDS, who are systematically phoning around 12m subscribers a year to find out their feelings about the telephone service.

Small companies... will gain by the reduction in corporation tax. This should release money for investment in technology and staff.

In the main the table of the leading research companies confirms the stability of the industry. Despite forecasts, there have been few takeovers—Burke disappeared inside Research Services and Marplan into Research International—and few changes in the listings. AGB plunges ahead with its wide sweep of interests, continuous surveys like BARB (Broadcasting Audience Research Bureau), TCA (Television Consumer Audit) and Index, its mainly ad hoc subsidiary RSG; and its overseas connections (it bought NFO in the U.S. and is actually challenging Nielsen on its own ground with a TV measurement service), and Nielsen UK follows on in second place, drawing most of its revenue and profit from its long-established retail auditing operation.

AGB is finally breaking even with Index, which monitors for financial institutions all expenditures over £3, along with the saving and borrowing, of a 10,000 strong panel, and has just launched Lektrak, a retail audit on the sale of electrical durables. But TCA, which links TV viewing and sales, at £5m the biggest continuous panel in

market research, and the TV audience measurement BARB, with a £2m turnover, remain its bedrock, even in a year like 1983 when ad hoc growth was greater.

Most of the next group of research companies share one characteristic: they are small. MAS, and RSG are all prominent in omnibus surveys, regular weekly questionnaires which enable clients to measure quickly and cheaply—customers response to their products or advertising. By contrast another area of growth is qualitative research, in which an interviewer, in group discussion gets the in-depth views of a small panel of consumers about a client's activities; research companies favour qualitative research because direct costs are smaller and profits larger.

Telephone research, omnibus surveys, qualitative assignments are all ad hoc contracts which have fuelled the prosperity of research companies in recent months. There has also been growth in overseas assignments and now 12 per cent of turnover comes from foreign clients, with many American companies using the UK's undoubted skill in research to co-ordinate pan-European projects.

Industrial research, retailing, and travel all showed above-average growth last year, while the Government continues to be rather suspicious of the work of research. However, consumer packaged goods companies still account for a half of all research, and there is no sign of any slackening off in the commitment of business to new products and the need to research their potential. The Budget seems to have fuelled confidence.

It has also done wonders for the market research firms, many of which are small companies owned by their directors who will gain considerably by the reduction in corporation tax. This should release even more money for investment, both in new technology and in staff—last year there was a 7 per cent rise in AMRO staff to 4,000, a modest gain, given the extra work. Early signs are that even if the rise in turnover in 1984 does not match last year, profit margins will expand.

London advertising agencies scooped four of the 15 television awards last week at the 24th International Broadcasting Award ceremony, held in Los Angeles and sponsored by Hollywood Radio and Television Society. This was second to the U.S. only which took five awards. Japan took two and Australia one.

Ogilvy and Mather won the animation section with its "Mena Lisa" ad for the Milk Board; Lowe Howard-Spink Campbell-Ewald in the combination section for its Heineken ad (right); Wight Collins Rutherford Scott in the public service section for the Central Office

of Information, with its cliff commercial, and McCann-Erickson, in the series section, for its Eggs Authority ad "Club", "Wellie" and "Forkies" (below).

The overall best television commercial was that for National Heo Hi-Top batteries made by the Japanese agency Hakuhodo, which featured a toy fireman climbing to the top of a 15 storey building.

Winners were selected from about 5,000 entries from 53 countries.

In the radio section Canada took four trophies, U.S. three, Australia and New Zealand, one each.



THEY used to be called visual aids. That involved the use of slide carousels, darkened rooms, overhead projectors, fumbling fingers and scribbled scripts. Now they have fancy titles like presentation systems and that means the slickness of computer technology which, once mastered, conveys messages with ease and polish, fast and without fuss.

That at any rate is the theory. Showcase is such a presentation system, fast finding favour among agencies and some clients, too, which enables presentations to be assembled on the spot, at the touch of a computer key and for screening in daylight.

The system consists of a standard Apple 2E computer with two disc drives and a small 12 in monochrome screen linked to a larger colour monitor (which the audience views). The Showcase software includes a choice of colours, remote control and a programme for producing text and bar charts. (Additional picture graphics are available in the regular Apple software range.)

## High-tech presentations

BY FEONA McEWAN

When the system is in operation, messages typed into the computer appear on the television screen and are organised into separate pages—a sort of electronic carousel. Larger cinema-size screens can be used—as Lonsdale Advertising has done—though it's costly. There is a choice of 250 colours, and 10 typefaces.

Linked to a suitable monitor, Showcase can cut to video, showing commercials for instance, then return to the text presentation.

"We couldn't do without it now," says Lonsdale, which uses it all the time for new business pitches, sales presentations, public relations and sales recruitment meetings.

"It's so easy to use," says new agency Woodhams & Lowe. "If you've never used a com-

puter before—which many agency people haven't—you can learn in about half an hour. Everyone uses ours, secretaries, directors."

The system, like many a new toy, has not been without its teething troubles and there have been occasions where last minute changes have upset the smooth working of the machine. Showcase now believes that, after two years of development, the new version, out in May, has ironed out any hiccoughs.

One agency which uses the system lists the pros and cons. On the plus side, it says, Showcase is cost-effective in comparison with traditional slides; it is simple to amend and correct; it forces self-discipline on the presenter; it makes a good impression on an audience, with its homogeneity and the added

A ONE-DAY workshop intended to help advertisers and their advisers set their advertising budgets is to be held at the Royal Lancaster Hotel, London, on Thursday May 10. It is aimed at marketing directors, brand managers, accountants and media consultants.

Speakers will include Harold Lind, economic consultant, on "What the Competition will be Spending"; Mike Elms of Ogilvy & Mather on "What Will Advertising Cost?"; Stephen King of J. Walter Thompson, "Short or Long Term"; and Gordon Wills, Management Centre from Buckingham, on "Classical Methods of Setting Budgets."

Tickets and details from Macfarlane Conferences, Mappin House, 156-62, Oxford Street, London W1 (01-637 7435).

THE SIXTH sponsorship conference organised by the Incorporated Society of British Advertisers will be held at the Park Lane Hotel, Piccadilly, London, W1 on May 9. Entitled "Sponsorship in the marketplace—opportunities unlimited," speakers will include Peter Lawson, Central Council of Physical Recreation, on "Developments in Sponsorship after the Howell Report"; Colin Twenny of the Association for Business Sponsorship of the Arts, and Derek

Etherington, of Sport Sponsorship Computer Analysis, reviewing the art and sport sponsorship market. Details from Ann Harris, ISBA, 44 Hertford Street, London, W1.

CHANNEL FOUR television is continuing to be bypassed by the majority of network advertisers as the interminable Equity IPA (Institute of Practitioners in Advertising) dispute prolongs the actors' boycott of commercials.

Figures from AGB, the independent audience research company, show that, whereas 165 commercials were screened across the network on ITV in the week ending March 11, 1984, only five were networked on Four. Last year in the same week the figures were 165 for ITV and two for Four.

Advertisers who use Four are tending to use it in a few areas only. The number who use it in one area only has risen from 245 during the week ending March 13, 1983 to 308 during the equivalent week in 1984. (Comparable figures for ITV are 515 and 419 respectively.)

For actors this means a continued reduction of income since earnings for a networked ad on Four are more than 10 times greater than in one area only.

slides, and can be re-used. There is also a print-out available for use as a working script for speeches.

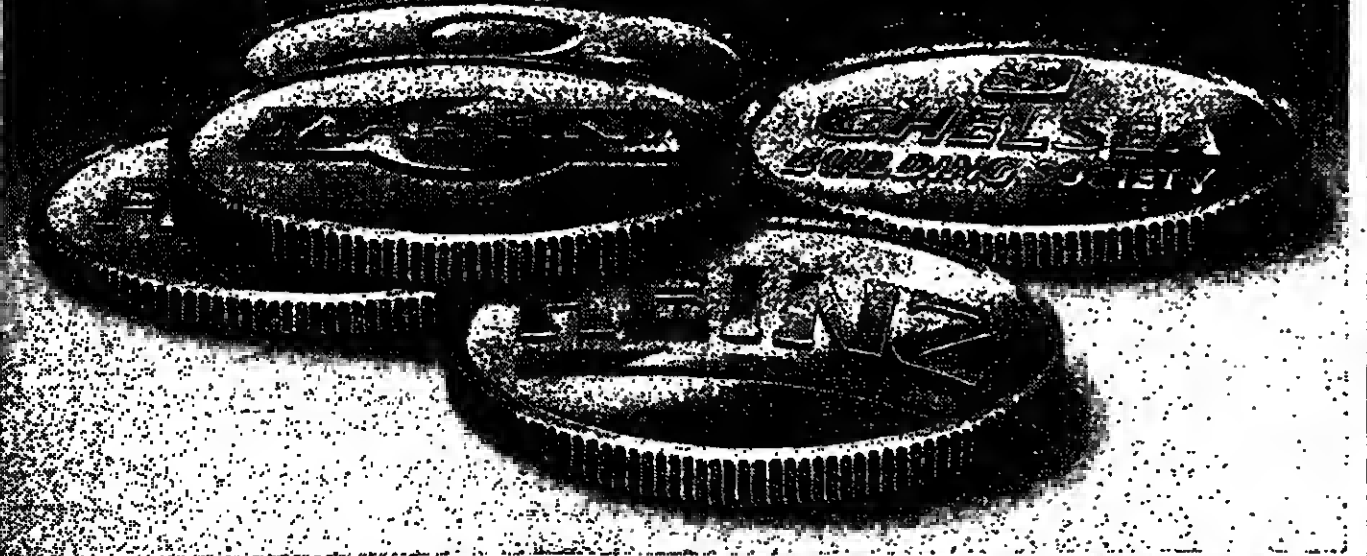
Transportable rather than portable (to some agencies' regret), Showcase has in fact been to Saudi Arabia with notable success. Special typefaces can be made to order—recently a Russian script was ordered for a Moscow presentation.

Showcase can also run continuously in foyers and shop windows, making it suitable for estate and travel agents, exhibitions and sales. Clients include Century-Schweppes, Prudential Life, Thomson Magazines, Pirelli and agencies like Charles Barker Lyons, Ted Bates, Wight Collins Rutherford Scott, Ogilvy and Mather and KMP.

Rainbow intends to introduce the system to the U.S. shortly, where, at this end of the market, as far as it knows, there is nothing similar available.

Contact: Martin Conradi, Rainbow Software Company, 12 Napier Street, Isleworth, Middlesex (Tel: 01-892 9132).

## These companies took the incentive!



Special Incentives and Sales promotions reap rich rewards in terms of improved productivity and increased sales—a fact proven time and again by companies such as Heinz, Martini and the Chelsea Building Society. They are all happy to testify to the efficiency of the Royal Mint's valuable and unique incentives.

New for 1984 are the ultimate incentives from the Royal Mint, collectively labelled "The Gold Collection"—a selection of 1984 United Kingdom gold coins, struck to the demanding proof quality in the finest traditions of minting.

Supplied either in individual presentation cases or in a special handmade case for the complete three coin set, to be treasured forever by the recipient.

**THE 1984 UNITED KINGDOM PROOF GOLD COINS - FROM £79.95**

Individually struck to proof quality in 22 carat gold, each coin depicts the classic portrayal of St George slaying the Dragon together with the renowned Arnold Machin portrait of H.R.H. Queen Elizabeth II.



Royal Mint

## THE PROOF HALF SOVEREIGN - £79.95

Limited to only 22,500 coins worldwide, the half sovereign is 19.30mm in diameter and weighs 3.99 grammes.

## THE PROOF SOVEREIGN - £149.95

Limited to the same issue quantity as the half sovereign, this coin is 22.04mm in diameter and weighs 7.98 grammes.

## THE PROOF £5 COIN - £69.95

Limited to only 8,000 coins worldwide, the proof £5 coin weighs 39.94 grammes and measures 36.02mm.

## THE 3-COIN COLLECTION - £885.

## SAVE £39.90!

The Half Sovereign, Sovereign and £5 coins brought together in a handsome presentation case must be amongst the finest incentives on offer in the U.K. today. Available at a discounted price of £885.

For further information—please write or telephone (0443 222111), John Cripps, Marketing Manager, Royal Mint, Llantrisant, Mid Glamorgan CF7 8YT.

## AMERICA'S TELECOMMUNICATIONS REVOLUTION

REPRINTS OF A SERIES OF ARTICLES ARE NOW AVAILABLE FROM:

Nicola Banham  
Publicity Department  
Financial Times  
Bracken House  
10 Cannon Street  
London EC4A 4BY  
Price £3.00



**AEG leads a Country Life**

The best way to look your best. That's Country Life. The reproduction is superb. And it's the ideal medium for reaching the top cross-section of opinion-formers. For details and a complimentary copy contact: David Gill, Advertisement Controller, on 01-261 5793

**TIGHT BUDGET? HIGH QUALITY VIDEO PRODUCTION is still possible**

call Interlink Video 01-836 3243

## Notice of Redemption

## Pennwalt Overseas Finance N.V.

8% Guaranteed Debentures due 1987  
Unconditionally Guaranteed as to Principal and Interest by

## Pennwalt Corporation

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 1, 1972 under which the above-described Debentures are issued, Citibank, N.A., (formerly First National City Bank), has selected for redemption on May 1, 1984 the "Redemption Date", through the operation of the Sinking Fund provided for in the said Indenture, \$669,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF \$1000 PRINCIPAL AMOUNT OUTSTANDING									
2683	487	2148	2488	3971	3942	1434	5773	6543	7421
86	491	2148	2484	3974	3943	1435	5777	6547	7433
89	499	2152	2507	3976	3944	1439	5781	6556	7434
90	515	2157	2512	3981	3949	1444	5786	6561	7439
112	504	2160	2515	3984	3952	1447	5789	6564	7441
115	513	2163	2518	3987	3955	1450	5792	6567	7443
117	515	2165	2520	3989	3957	1452	5794	6569	7445
122	520	2169	2524	3993	3961	1456	5798	6573	7449
123	580	2224	2568	3974	3955	1455	5818	6606	7432
124	583	2245	2570	3976	3956	1456	5819	6607	7433
125	582	2247	2569	3975	3955	1455	5818	6606	7432
131	604	2254	2586	3986	3966	1463	5823	6617	7439
133	605	2255	2587	3987	3967	1464	5824	6618	7440
136	606	2256	2588	3988	3968	1465	5825	6619	7441
137	607	2257	2589	3989	3969	1466	5826	6620	7442
138	608	2258	2590	3990	3970	1467	5827	6621	7443
139	609	2259	2591	3991	3971	1468	5828	6622	7444
140	610	2260	2592	3992	3972	1469	5829	6623	7445
141	611	2261	2593	3993	3973	1470	5830	6624	7446
142	612	2262	2594	3994	3974	1471	5831	6625	7447
143	613	2263	2595	3995	3975	1472	5832	6626	7448
144	614	2264	2596	3996	3976	1473	5833	6627	7449
145	615	2265	2597	3997	3977	1474	5834	6628	7450
146	616	2266	2598	3998	3978	1475	5835	6629	7451
147	617	2267	2599	3999	3979	1476	5836	6630	7452
148	618	2268	2600	4000	3980	1477	5837	6631	7453
149	619	2269	2601	4001	3981	1478	5838	6632	7454
150	620	2270	2602	4002	3982	1479	5839	6633	7455
151	621	2271	2603	4003	3983	1480	5840	6634	7456
152	622	2272	2604	4004	3984	1481	5841	6635	7457
153	623	2273	2605	4005	3985	1482	5842	6636	7458
154	624	2274	2606	4006	3986	1483	5843	6637	7459
155	625	2275	2607	4007	3987	1484	5844	6638	7460
156	626	2276	2608	4008	3988	1485	5845	6639	7461
157	627	2277	2609	4009	3989	1486	5846	6640	7462
158	628	2278	2610	4010	3990	1487	5847	6641	7463
159	629	2279	2611	4011	3991	1488	5848	6642	7464
160	630	2280	2612	4012	3992	1489	5849	6643	7465
161	631	2281	2613	4013	3993	1490	5850	6644	7466
162	632	2282	2614	4014	3994	1491	5851	6645	7467
163	633	2283	2615	4015	3995	1492	5852	6646	7468
164	634	2284	2616	4016	3996	1493	5853	6647	7469
165	635	2285	2617	4017	3997	1494	5854	6648	7470
166	636	2286	2618	4018	3998	1495	5855	6649	7471
167	637	2287	2619	4019	3999	1496	5856	6650	7472
168	638	2288	2620	4020	4000	1497	5857	6651	7473
169	639	2289	2621	4021	4001	1498	5858	6652	7474
170	640	2290	2622	4022	4002	1499	5859	6653	7475
171	641	2291	2623	4023	4003	1500	5860	6654	7476
172	642	2292	2624	4024	4004	1501	5861	6655	7477
173	643	2293	2625	4025	4005	1502	5862	6656	7478
174	644	2294	2626	4026	4006	1503	5863	6657	7479
175	645	2295	2627	4027	4007	1504	5864	6658	7480
176	646	2296	2628	4028	4008	1505	5865	6659	7481
177	647	2297	2629	4029	4009	1506	5866	6660	7482
178	648	2298	2630	4030	4010	1507	5867	6661	7483
179	649	2299	2631	4031	4011	1508	5868	6662	7484
180	650	2300	2632	4032	4012	1509	5869	6663	7485
181	651	2301	2633	4033	4013	1510	5870	6664	7486
182	652	2302	2634	4034	4014	1511	5871	6665	7487
183	653	2303	2635	4035	4015	1512	5872	6666	7488
184	654	2304	2636	4036	4016	1513	5873	6667	7489
185	655	2305	2637	4037	4017	1514	5874	6668	7490
186	656	2306	2638	4038	4018	1515	5875	6669	7491
187	657	2307	2639	4039	4019	1516	5876	6670	7492
188	658	2308	2640	4040	4020	1517	5877	6671	7493
189	659	2309	2641	4041	4021	1518	5878	6672	7494
190	660	2310	2642	4042	4022	1519	5879	6673	7495
191	661	2311	2643	4043	4023	1520	5880	6674	7496
192	662	2312	2644	4044	4024	1521	5881	6675	7497
193	663	2313	2645	4045	4025	1522	5882	6676	7498
194	664	2314	2646	4046	4026	1523	5883	6677	7499
195	665	2315	2647	4047	4027	1524	5884	6678	7500
196	666	2316	2648	4048	4028	1525	5885	6679	7501
197	667	2317	2649	4049	4029	1526	5886	6680	7502
198	668	2318	2650	4050	4030	1527	5887	6681	7503
199	669	2319	2651	4051	4031	1528	5888	6682	7504
200	670	2320	2652	4052	4032	1529	5889	6683	7505
201	671	2321	2653	4053	4033	1530	5890	6684	7506
202	672	2322	2654	4054	4034	1531	5891	6685	7507
203	673	2323	2655	4055	4035	1532	5892	6686	7508
204	674	2324	2656	4056	4036	1533	5893	6687	7509
205	675	2325	2657	4057	4037	1534	5894	6688	7510
206	676	2326	2658	4058	4038	1535	5895	6689	7511
207	677	2327	2659	4059	4039	1536	5896	6690	7512
208	678	2328	2660	4060	4040	1537	5897	6691	7513
209	679	2329	2661	4061	4041	1538	5898	6692	7514
210	680	2330	2662	4062	4042	1539	5899	6693	7515
211	681	2331	2663	4063	4043	1540	5900	6694	7516
212	682	2332	2664	4064	4044	1541	5901	6695	7517
213	683	2333	2665	4065	4045	1542	5902	6696	7518
214	684	2334	2666	4066	4046	1543	5903	6697	7519
215	685	2335	2667	4067	4047	1544	5904	6698	7520
216	686	2336	2668	4068	4048	1545	5905	6699	7521
217	687	2337	2669	4069	4049	1546	5906	6700	7522
218	688	2338	2670	4070	4050	1547	5907	6701	7523
219	689	2339	2671	4071	4051	1548	5908	6702	7524
220	690	2340	2672	4072	4052	1549	5909	6703	7525
221	691	2341	2673	4073	4053	1550	5910	6704	7526
222	692	2342	2674	4074	4054	1551	5911	6705	7527
223	693	2343	2675	4075	4055	1552	5912	6706	7528
224	694	2344	2676	4076	4056	1553	5913	6707	7529
225	695	2345	2677	4077	4057	1554	5914	6708	7530
226	696	2346	2678	4078	4058	1555	5915	6709	7531
227	697	2347	2679	4079	4059	1556	5916	6710	7532
228	698	2348	2680	4080	4060	1557	5917	6711	7533
229	699	2349	2681	4081	4061	1558	5918	6712	7534
230	700	2350	2682	4082	4062	1559	5919	6713	7535
231	701	2351	2683	4083	4063	1560	5920	6714	7536
232	702	2352	2684	4084	4064	1561	5921	6715	7537
233	703	2353	2685	4085	4065	1562	5922	6716	7538
234	704	2354	2686	4086	4066	1563	5923	6717	7539
235	705	2355	2687	4087	4067	1564	5924	6718	7540
236	706	2356	2688	4088	4068	1565	5925	6719	7541
237	707	2357	2689	4089	4069	1566	5926	6720	7542
238	708	2358	2690	4090	4070	1567	5927	6721	7543
239	709	2359	2691	4091	4071	1568	5928	6722	7544
240	710	2360	2692	4092	4072	1569	5929	6723	7545
241	711	2361	2693	4093	4073	1570	5930	6724	7546
242	712	2362	2694	4094	4074	1571	5931	6725	7547
243	713	2363	2695	4095	4075	1572	5932	6726	7548
244	714	2364	2696	4096	4076	1573	5933	6727	7549
245	715	2365	2697	4097	4077	1574	5934	6728	7550
246	716	2366	2698	4098	4078	1575	5935	6729	7551
247	717	2367	2699	4099	4079	1576	5936	6730	7552
248	718	2368	2700	4100	4080	1577	5937	6731	7553
249	719	2369	2701	4101	4081	1578	5938	6732	7554
250	720	2370	2702	4102	4082	1579	5939	6733	7555
251	721	2371	2703	4103	4083	1580	5940	6734	7556
252	722	2372	2704	4104	4084	1581	5941	6735	7557
253	723	2373	2705	4105	4085	1582	5942	6736	7558
254	724	2374	2706	4106	4086	1583	5943	6737	7559
255	725	2375	2707	4107	4087	1584	5944	6738	7560
256	726	2376	2708	4108	4088	1585	5945	6739	7561
257	727	2							



## UK COMPANY NEWS

## BAT recovers to end 14% higher

AN IMPROVED performance by the retailing, paper and packaging businesses of BAT Industries, and an increased contribution from associate companies, more than offset a decline in tobacco results for 1983, and enabled the group to reverse the downward trend of the first six months to finish the year with pre-tax profits 14 per cent ahead from £589m to £679m.

In addition, the results do not include those for Eagle Star, which was acquired for £968m in January, and which reported separately yesterday a 33 per cent increase in pre-tax profits to £50m, as forecast at the time of the offer.

BAT's improvement for the year was achieved on a 3 per cent advance in turnover from £11.51bn to £11.85bn, and was also helped by a better performance by tobacco activities in the second six months which produced trading profits of £316m (£288m) compared with £235m (£224m) at the interim stage.

Productivity gains, particularly in the U.S. made an important contribution to this recovery. The directors say that in the light of "the excellent" increase in group attributable profits, which rose 20 per cent from £454m to £547m, the net total dividend is to be stepped up by a similar percentage from an equivalent 6.57p to 8.25p with a final payment of 4.87p, on earnings of 37.56p (31.22p) per 25p share.

They report that in the first two months of the current year

## HIGHLIGHTS

Lex takes a view of the Hong Kong economy following the Jardine Matheson decision to move to Bermuda and Hongkong Land's extremely disappointing 1983 figures. The column then goes on to comment on the results of Babcock where profits are up by two-thirds thanks to a major turnaround in the U.S. BAT reported a strong year on the back of U.S. retailing profits and a better than expected tobacco performance, while Eagle Star achieved exactly the profit anticipated at the time of the takeover. Finally Prudential whacked up its dividend yesterday and Lex considers its ability to go on doing so in the new fiscal environment for life insurance companies.

The encouraging trends of the second half of 1983 have continued and the group is poised to move ahead in a more stimulating economic environment.

In general during 1983, they state, the group's subsidiaries in North America continued to demonstrate their inherent strength and contributed some 57 per cent of trading profits of £51m (£37.9m). Another feature in this area was the rapid improvement in the UK, where the result more than doubled from £38m to £80m.

A breakdown of turnover and trading profits on a geographical basis shows: UK £2,167m (£2,139m) and 250m (£267m); Rest of Europe £2,367m (£2,308m) and 265m (£248m); North America £4,321m (£4,078m) and 245m (£230m); Latin America £1,601m (£1,601m) and 111m (£107m);

Asia £725m (£721m) and £51m (£50m); Africa £38m (£37m) and £41m (£30m) and Australia £67m (£79m) and £8m (£4m).

By division an analysis discloses: tobacco £8,138m (£8,068m) and £542m (£572m); retailing £2,526m (£2,567m) and £158m (£102m); paper £1,051m (£974m) and £106m (£75m); packaging and printing £537m (same) and £24m (£18m) and other trading activities £593m (£631m) and £20m (£16m).

The directors say that industrial and geographical diversity remains at the heart of group strategy, and the Eagle Star acquisition shows their readiness to move on a large scale into the rapidly growing financial services sector.

However, the group must also withdraw from businesses which do not offer the right growth potential. Last year it disposed

of a number of operations, notably Kohl's Food Stores. And since the year end it has announced its withdrawal from direct selling in the UK cigarette market.

Capital expenditure last year totalled £226m (£241m), of which £123m was on tobacco, £114m on retailing and £89m on paper activities.

The total debt/equity ratio, excluding cash, is projected at around 55 by the end of this year and with a "pretty strong" cash flow this is expected to fall to more normal levels. The company is not thinking in terms of a rights issue, the directors add.

Shareholders' funds at the year end totalled £3,420m (£2,990m), fixed assets were £2,550m (£2,340m), current assets £4,320m (£4,080m) and borrowings £2,260m (£2,500m). On a CCA basis pre-tax profits are given at £780m (£663m).

1983 1982  
Turnover £11,850 £11,510  
Operating income 7,971 7,498  
Operating charges 1,729 1,713  
Trading profit 6,242 5,785  
Interest received 361 128  
Share of associates 125 102  
Tax 373 348  
Net profit 608 556  
Minority profits 68 55  
Attributable 540 501  
Dividends 120 100  
Extraordinary items 24 4  
Retained 420 456  
Including duty and excise taxes 420 456  
£ Charged See Lex

## Ladbroke advances by £6.4m to £42m

SIGNIFICANT progress achieved in 1983 at Ladbroke Group will be continued this year, says Mr Cyril Stein, chairman. For the 53 weeks to March 1 1984 pre-tax profits of this hotels and leisure-related group moved ahead from £36.4m to £42.8m.

Mr Stein points out that leisure divisions are achieving good figures and the upturn of business confidence in the UK, together with more tourists from abroad, indicate a record year for the company's hotels.

The net final dividend has been lifted from 4.3p to 4.94p raising the total from 8p to 9.01p. Earnings per 10p share came to 15.15p (14.09p).

Turnover expanded from £762m to £846m. Figures for 1983 include a first contribution to profit from Central Independent Television.

The 1983 profit figures before and after tax have been adjusted by excluding pre-acquisition profit.

A highlight of 1983, says Mr Stein, was the profit achieved by the U.S. property division in what was effectively its first year of trading. All indications are that carrying out the major portion of the company's property development in the U.S. has been well justified in the light of the completed properties are proceeding at a good pace, he says.

At the operating level profits rose to £42.8m to £47.3m to which related companies added £1.3m (took £0.3m). Interest costs came to £6.2m (£7.4m) and profits were struck after deductions for the employee share scheme of £0.6m (£0.3m).

Tax came to £13.7m (£7.2m) and minorities amounted to £1.7m (£0.3m).

Assets per share were 150.2p (£44.1p). At the halfway stage pre-tax profits increased from £13.4m to £14.1m and the directors said that divisions were continuing to experience good trading conditions.

● Comment

Ladbroke's shares have had a very good run lately, until their progress was obstructed in the last few weeks by news that the OET was investigating anti-competitive collusion between the riders of provincial betting shop chains. Despite the setback, the price yesterday rose 25p to nearly £1 higher than its low point in 1983, and looking perhaps a little too glossy on 13.8 times historic earnings.

The profits were boosted unexpectedly by taking in the cash element on sale of a minority interest in U.S. development, but this was offset by a lower rate of disposals of UK operating properties. And apparently lacking 15 per cent advance in "hotels" conceals an underlying improvement of 25 per cent, much as expected, while betting profits were satisfactorily ahead for the year.

There is a suspicion that while Ladbroke could get close to £50m this year, the going will get stickier in 1985, as the cyclical businesses reach their peak.

## Ocean Transport at £7.2m but outlook is brighter

IN WHAT the directors describe as a difficult year, due to the continued depression in world shipping, Ocean Transport and Trading saw its pre-tax profits for 1983 fall from £13.5m to £7.2m.

The main contributor to the result was Ocean Cory which produced profits of £16m (£11.8m).

The group outcome was after taking into account a profit of £5.6m on ship sales and £8.4m of redundancy costs. Straits Steamship Company contributed £0.7m prior to its sale in mid-year, compared with £0.1m for the previous 12 months.

Losses per 25p share are stated at 2.8p (0.2p) on a net basis and 1.8p (2.6p earnings) nil distribution. On these the total dividend is cut from 6.6p to 4.8p with a final payment of 2.35p net.

As regards current year prospects Mr W. N. Menzies-Wilson, chairman, says the trading outlook is now more encouraging and the group will benefit from any upturn in world trade.

1983 1982  
Turnover £69.7 £74.5  
Operating income 11.8 11.8  
Operating charges 4.6 4.6  
Trading profit 7.2 7.2  
Interest received 0.3 0.3  
Share of associates 0.3 0.3  
Tax 0.3 0.3  
Net profit 7.2 7.2  
Minority profits 0.3 0.3  
Attributable 6.9 6.9  
Dividends 5.1 5.1  
£ Loss

## BOARD MEETINGS

TODAY	FUTURE DATES
Interim: Abaco Investments, Ambros, Celtic Haven, Lussa Industries, Precious Metals Trust, Ramus.	Interim: Dowling and Mills (Apr 18)
Final: A. C. Cars, Ardron, Bristol Oil and Minerals, Brown Boveri, Kana, Castelfield (Kana), Rubber Erms, Grade International, Desoutter Brothers, Fairview Estates, Harris Queensland, Hossa Property Co of London, Hattok, Johnson, Lambert, Howarth, Macfarlane (Clanman), Bernard Matthews, Magholla (Moulding), Morry, First Main, Ingla, Newnam Industries, Scottish Heritable Trust.	Final: British Mohair (Apr 4), Coats Patents (Apr 11), Cander International (Apr 2), Danbury (Apr 3), Jenks and Gerns (Apr 5), Malvern (Apr 6), Pinchard Services (Apr 3), Stewart Wriggton (Apr 5), Wood (Arthur) (Apr 2)

The attributable loss of £48.1m is struck after extraordinary losses of £44.9m. These included a charge of £30.3m relating to the LNG carrier "Nestor" and another £12.1m reduction against closure costs for discontinued charter. There are two other charges: £1.8m for the "Nestor" and £1.8m for the "Nestor".

The balance sheet was strengthened in 1983. Following the sale of Straits, the net borrowings of the group have been reduced from £182.9m at the end of 1982 to £77.7m at the end of 1983. Stockholders' funds at the end of 1983 amounted to £214.2m.

● Comment  
The picture to emerge at Ocean Transport & Trading is, by and large, what the market has been anticipating - a shrinking profits outlook, into large red numbers after another round of major write-offs against assets. So the shares ended the day unchanged at 136p for a yield of 4.8 per cent. After a write down of £15m against the LNG carrier "Nestor" in 1982 last year, the "Nestor" was sold for £12.1m, and another £12.1m reduction against closure costs for discontinued charter. There are two other charges: £1.8m for the "Nestor" and £1.8m for the "Nestor".

## Eastern Produce jumps £6.7m

PRE-TAX profits of Eastern Produce (Holdings) jumped from £4.45m to £11.17m in 1983, after an advance from £1.6m to £3.36m at midyear.

The directors said that the improvement was largely attributable to tea prices which were substantially higher than the corresponding period of 1982.

Yearly earnings per 50p share are shown to have risen from 18.9p to 47.3p and the total dividend is lifted from 4.9p to 8.5p with a final payment of 3.5p.

1983	1982
Turnover £100.0	£100.0
Operating profit 8.96	3.82
Share of associate 3.77	1.78
Investment income 2.90	1.58
Interest 1.28	1.54
Profit before tax 11.72	4.62
Tax 5.76	2.56
Net profit 5.96	2.06
Minority profits 0.7	0.3
Extraordinary items 5.22	1.68
Interim dividend 1.26	1.47
Final 4.29	0.61
Retained for the year 5.13	1.13

## Eagle Star reaches forecast of £90m despite bad weather

Eagle Star Holdings, now a member of the BAT Industries, has managed to reach its forecasted £90m profit for 1983, despite the adverse weather in the UK at the end of last year and the beginning of 1984.

Pre-tax profits eventually amounted to £90.3m compared with £88m in 1982, thanks to slightly lower underwriting losses, higher investment income and strong profits from its non-insurance subsidiary Grovewood Securities.

Net profit for the year amounted to £54.8m compared with £54.4m. The dividend for 1983 amounts to 20p against 17p for 1982 with a final payment of 12p.

Premium income on general insurance business rose 9 per cent from £521.7m to £571.7m, while the solvency margin improved from £100 per cent to 130 per cent. Underwriting losses amounted to £50.3m against £63.7m in 1982, while investment income climbed from £100.3m to £109.2m.

Underwriting losses in the UK and Republic of Ireland amounted to £44.3m on a premium income of £399.2m. The overall trading profit in the UK, after allowing for investment income, rose from £10.4m to £17.9m.

The commercial accounts in the UK showed considerable improvements last year despite competition remaining severe. Underwriting losses on commercial fire fell slightly from £6m to £5.8m, while on commercial liability they fell from £13m to £7.2m. Recent signs indicate a hardening of premium rates.

On the domestic account the household business showed a slightly higher underwriting loss of £12.4m against £12.2m, due to the rising number of theft claims. The motor account, in contrast to other insurance companies, showed slightly lower

losses of £1.5m against £1.8m.

The company warns that premium rates for personal insurances are still far from adequate. There has been some upward movement in motor premiums, but those for household risks are still insufficient to cover claims from adverse weather and rising numbers of burglaries.

Underwriting results in Australia and South Africa improved considerably, but this was more than offset by deteriorating results in Belgium and the U.S.

Long-term premium income fell last year from £345.8m to £314.5m—the drop coming from a reduction in the sale of bonds. Grovewood Securities again achieved record profits, rising 37 per cent to £23.5m pre-tax. The public offer in December for sale by tender of 25 per cent of the equity of VG Instruments was highly successful.

See Lex

## Legal &amp; General Reports Increased Profits

## Unaudited results for 1983 of Legal &amp; General Group Plc

Pre-tax profits in 1983 rose 20 per cent to a record figure of £56.0m. The main features of the year in the U.K. were the dramatic increase in life new business and the marked improvement in the general insurance underwriting results.

International business again made an important contribution to Group profits, with long-term profits, including life profits from the U.S.A., adding £15.5m before taxation. However, the general insurance results were badly affected by the difficult reinsurance market.

The importance of investment performance is increasingly recognized and demanded by the market for all our products, and this is reflected in the growing interest of our customers and the intermediaries in our investment approach.

	1983	1982
Premium income	£m	£m
Pensions and life	798.7	649.5
General insurance	191.1	169.4
Profit from operations before tax	46.8	40.0
Long-term business	5.2	6.2
Fund management	1.1	(1.2)
Short-term business	2.3	1.2
Associated companies	0.6	0.5
Shareholders' other income	56.0	46.7
Profit before tax	(12.2)	(11.3)
Tax	—	(0.3)
Minorities	43.8	35.1
Profit after tax	(0.7)	(1.1)*
Employee profit sharing after tax (*incl. 1981 payment)	43.1	34.0
Profit attributable to shareholders	(28.1)	(23.3)
Shareholders' dividends	15.0	10.7
Retained profit	28.46p	22.59p
Earnings per share	18.50p	15.50p
Shareholders' dividends	18.50p	15.50p

Analysis of general insurance business results taking into account investment income earned on technical reserves.

	Premium income		Underwriting result		Insurance result	
	1983	1982	1983	1982	1983	1982
	£m	£m	£m	£m	£m	£m
United Kingdom	113.4	100.9	(8.9)	(13.8)	6.7	1.0
Victory	66.1	53.9	(12.3)	(8.2)	(4.2)	(1.1)
Rest of World	11.6	14.6	(3.4)	(3.3)	(1.4)	(1.1)
	191.1	169.4	(24.6)	(25.3)	1.1	(1.2)

The directors have recommended a final dividend of 12.5p per share, making a total of 18.5p for the year, an increase of 19 per cent. Copies of the full Report & Accounts for 1983 will be sent to shareholders on 19 April 1984 and delivered to the Registrar of Companies after the Annual General Meeting which will be held on 16 May 1984.

## Supra recovers to £774,000

AS EXPECTED at halfway stage, Supra's recovery from 1983's pre-tax loss of £83,000 to turn in a taxable profit of £774,000 for the year to November 1983.

Turnover at this Midlands-based automotive parts maker was up at £111m (£107m) and there was an operating profit of £841,923 (£406,263) after depreciation of £27,085 (£323,378).

The company went into the red in 1982 after an exceptional provision of £471,121 for overseas debts. In 1983 this fell to £68,084.

Tax took £327,233 (£116,760 credit) and there was a £2,062

loss (£4,738 profit) at its associated companies. Minorities took £12,130 (£26,567) and there was an extraordinary credit of £68,085 arising from the sale of the former group head office, Marble House, Warwick.

Earnings per 10p share are shown at 2.52p (0.25p) and a final dividend of 1.15p has been recommended, making a same-again 1.9p net for the year.

The company says the new year has started well with group turnover showing a satisfactory improvement over last year.

However, while the market continues to be highly competitive, improvements in the group's factories enable the board to look ahead confidently.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total last year
AS Electronic	1.5	May 29	3.5	7.7
Babcock Intl	0.8	May 29	3.5	7.7
Bat	0.8	May 29	3.5	7.7
BAT Inds	4.85	July 2	3.75	8.25
Blue Bird	1.82	Apr 20	1.45	4.73
Britannia Arrow	1.27	May 18	0.9	2.2
Cartwright	0.51	May 18	3.28	3.75
Charterhouse Per	0.51	May 18	0.5	0.75
DRG	3.5	—	3	6.5
Eagle Star	12	—	10	20
Eastern Produce	5	June 14	3.5	6.5
Ferry Pickering Gp	1.4	May 18	1.4	1.4
Gibbs and Dandy	1.4	May 18	1.4	1.4
Jamesons Chocolates	3	—	3	5
Ladbroke Group	4.95	—	4.3	9.02
Legal & General	12.5	—	11	15.5
Lex Service	61	—	5	9.17
Ocean Transport	2.35	May 22	2.35	4.5
Park Place	1.75	May 22	1.67	4.38
Prudential Crpn	13.5	May 25	10	19
Rotek	2.1	May 25	2.5	3.35
Sloagh Estates	2.48	May 29	2.08	4
Superdrug Stores	2.1	—	3.5	—
Snpra Group	1.15	May 25	1.15	1.9
Vetis Stone	0.5	May 18	1.2	2.51
Weir Group	1.75	May 25	1.75	2.13

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Unquoted stock.

## Public Works Loan Board rates

Years	Effective March 28	Quota loans repaid	Non-quota loans	A* repaid
	by EPT	at maturity	by EPT	at maturity
Over 3	91	94	101	111
Over 3, up to 4	10	10	101	111
Over 4, up to 5	10	10	101	111
Over 5, up to 6	10	10	101	111
Over 6, up to 7	10	10	101	111
Over 7, up to 8	10	10	101	111
Over 8, up to 9	10	10	101	111
Over 9, up to 10	10	10	101	111
Over 10, up to 15	10	10	101	111
Over 15, up to 25	10	10	101	111
Over 25	10	10	101	101

\* Non-quota loans are 1 per cent higher in each case than non-quota loans. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

## Supra recovers to £774,000

## ANOTHER RECORD YEAR IN SALES, PROFITABILITY AND NEW STORE OPENINGS

PRELIMINARY RESULTS 52 weeks to 25 Feb 1984	1984	1983
Turnover (ex VAT)	101,459	81,329
Net Profit before Tax	6,837	5,305
Taxation	2,827	2,337
Net Profit after Tax	4,010	2,968
Final Dividends	735	285
Earnings per Share	11.46p	8.48p

- Sales increased by 24.7%
- Profit before tax increased by 28.5%
- Proposed final dividend of 2.1p (interim 1.4p) total for year 3.5p
- 31 additional branches opened during year
- For 84/85 at least 35 new branches planned
- Another satisfactory outcome for the year anticipated

## AQUIS SECURITIES PLC

## PROPERTY INVESTMENT &amp; DEVELOPMENT

Extracts from Mr Harold Outman's Review of the year ended 31st December, 1983 (With comparative figures for the year to 31st December, 1982, where appropriate)

- \* Net profit before tax £544,175 (1982: £287,636)
- \* An open market value of £19,684,501 has been adopted into the books of account at the financial year end to reflect the value of completed investment properties retained in the portfolio
- \* Total dividends for the year will be 1.45 pence per share (1982: 1.3 pence per share) upon acceptance of the proposal for the final dividend of 1.00 pence per share (1982: 0.9 pence per share)
- \* Group retained profits carried forward £1,023,983 (1982: £321,327)
- \* Total amount attributable to shareholders 62 pence per share (1982: 57 pence per share)

The Seventeenth Annual General Meeting will take place at noon on Friday, 27th April, 1984 at the Waldorf Hotel, Aldwych London WC2B 4DD



**Legal & General**  
We cover the things you care for.

مكتبة لاجل



# How Morgan Bank Nederland serves multinationals in the Netherlands-and worldwide



Morgan officers shown in Amsterdam are, from right: Andrew Peacock, president of Morgan Bank Nederland; Michael Enthoven, manager, corporate finance, Morgan Guaranty Ltd; Theo Röel and Tom van Dort, managing directors, Morgan Bank Nederland.

Morgan Bank Nederland is the Dutch subsidiary of Morgan Guaranty Trust Company of New York. We specialise in wholesale banking and corporate finance for multinational companies and institutional investors, both in the Netherlands and around the world.

From our headquarters in Amsterdam, Morgan Bank Nederland's banking officers and treasury specialists give clients the responsiveness and careful attention traditional in Dutch banking. At the same time we draw on the multiple resources of Morgan's worldwide network to meet the increasingly sophisticated credit, operational, and advisory requirements of domestic and multinational corporations.

**Innovative financial structures**  
For example, we work closely with Morgan Guaranty Ltd, Morgan's London-based Euro-

market financing subsidiary, to find innovative, cost-effective financial structures for Dutch borrowers in the international capital markets. We not only respond to our clients' special needs but also help them take advantage of fast changing market developments.

The treasury and foreign exchange experts at Morgan Bank Nederland operate in all the important markets, executing transactions and managing risk exposure. Our advisory team, linked to Morgan's global exchange trading desks, alerts customers to hedging and arbitrage opportunities.

**Banking and securities**  
In corporate banking we're giving imaginative aid and counsel to Dutch companies at home and as they expand outside the Netherlands. We also provide a broad range of services to Dutch-

based subsidiaries of foreign multinationals.

As a full member of the Amsterdam Stock Exchange, Morgan Bank Nederland offers professional execution of orders in the Netherlands and abroad. We help clients in the Netherlands and other countries to achieve their funding and investment goals through both public transactions and private placements.

Another important service is domestic and cross-border leasing, through our wholly owned subsidiary Leaseco Nederland. And we advise on mergers, acquisitions, and divestitures.

**We invite your inquiry**  
We will welcome the opportunity to discuss your needs in the international financial markets. Write or call Andrew J. Peacock, President, Morgan Bank Nederland NV, Tesselschadestraat 12, 1054 ET Amsterdam. Telephone 020-160011.

## Morgan Bank Nederland



## UK COMPANY NEWS

## DRG boosted by interest cut and higher stationery profits

HIGHER TAXABLE profits of £16.1m, against £12.5m, were achieved by DRG, manufacturer of packaging and stationery, in calendar 1983.

The increase can be accounted for by a cut in interest charges, from £12.1m to £7.2m, together with higher operating profits from manufactured stationery of £12.6m, compared with £9.2m. The previous year's results included a £5.2m contribution from South African interests which were disposed of last March.

After excluding turnover of £20.6m (£19.5m) and profits relating to these interests, on-going businesses expended sales by £43.3m to £54.4m and pushed operating profits up to £22.6m, against £18.7m.

The dividend is being raised for the first time in four years with a final payment of 3.5p (3p), making a total of 6.5p (6p). Earnings per 25p share were shown rising from 6p to 10.2p. The directors say that now that the company has a much stronger balance sheet, the main objective is to improve profit

margins, and thereby maintain progress towards an acceptable return on shareholders' funds.

There was a cash inflow of £38m in 1983 which, the directors say, could not have been achieved without continuing emphasis upon cash conservation, including further reduction of the proportion of working capital to sales to 10 per cent. Debt to shareholders' funds ratio was reduced to 41 per cent (86 per cent) by the year end.

Looking ahead, they say that order bookings and sales so far this year reflect the apparently improving economic trend, but point out that there is an accompanying hardening of raw material prices.

A breakdown of operating profits shows (in £m): manufactured stationery £12.6 (£8.2); packaging £8.7 (£6.4); trading loss £1.3 (profit £2.3); engineering £2.6 (£2.8); unallocated central costs nil (£0.6); discontinued businesses nil (credit £4.8).

Tax took £1.3m (£0.4m) minorities accounted for £1.2m (£1.1m), and extraordinary items absorbed £1.6m (£4.9m) to leave

an attributable profit of £12m (£9.1m).

## ● comment

DRG finds itself in a vexing position. The four-year agony of rationalisation in the main UK businesses is finally paying off, but at the same time a number of more peripheral businesses are going wrong. Besides the strike in Canada, the second half saw a £1m downturn in the markedly tougher French market. The upset which surprised the market, though, was the serious second half loss incurred by the companies selling copiers and electronic office equipment in the UK. Those responsible have left the company, but there is obviously a question mark over the viability of central management. It is hoped, though, that the trading division as a whole will return to the black in the current year, and the main stationery and packaging divisions are evidently still recovering strongly. On a conservative £21m for the current year, the shares—down 11p at 125p—are on a fairly undemanding prospective p/e of 7.

## Cecil Gee improves 25% to over £1m

IN ITS first set of full year accounts since joining the USM last June, Cecil Gee, menswear retailer, reports a 25 per cent rise in pre-tax profits from £867,000 to £1,086,000 on turnover 38 per cent ahead from £11.9m to £16.5m.

Earnings per 10p share are given at 8.8p (6.8p), and, as forecast, the dividend is 2.1p net.

The directors say the company's expansion programme should provide growth in coming years, although certain higher costs prevented the group from increasing margins in 1983. The company continues to grow organically and through acquisition, they add.

In January a 14.5 per cent holding in James Walker Goldsmith and Silversmith was purchased. The takeover bid by H. Samuel for James Walker values this holding at over £2m, with Cecil Gee showing a profit of above £200,000 at the current offer price.

## Babcock gets boost from N. America and Europe

A SHARP swing back into the black by its North American and FATA European groups enabled Babcock International, engineer and contractor, to lift its profits before tax by £13.6m to £24.08m for the 1983 year.

For the second six months group profits emerged at £20.04m, which compares with last time's £12.21m.

Taking into account the financial strength of the group and the improvements in both trading conditions and profitability the directors, headed by Lord King, the chairman, are paying an increased final dividend of 4.3p which lifts the net total from 7p to 7.7p.

A scrip issue on a one-for-10 basis is also proposed.

Shareholders are told that improvements in economic activity in overseas countries in 1983 brought benefit to the engineering sector, although this was mainly at the lighter end of the manufacturing spectrum.

Businesses involved with the motor industry and supplying consumer markets began to recover but there was virtually no change in the continuing slack demand for major plant construction throughout the world.

Lord King points out that these conditions favoured most of the principal markets served by the North American and FATA European groups whose combined performance of moving from trading losses of £1.8m in 1982 to profits of £14.9m was the feature of 1983.

For most part the profit recovery reflects a "return towards more normal levels of trading in the majority of the businesses of these two groups."

The value of uncompleted orders on hand at the start of 1984 totalled £1.09bn (£1.36bn)—a decline in order backlog was experienced in all principal operating companies outside North America.

However, overall, there is still a sizeable volume of work on

hand throughout the group and, while order books may be at their lowest total since the beginning of 1981 the "immediate business prospects throughout the group are generally at least as good as, and in some areas better, than they were a year ago."

The group's markets in 1984 are expected to undergo gradual improvement. Competition will continue to be fierce but Lord King says the group faces the future with confidence and is "looking for growth."

Turnover for 1983 amounted to £1,020m (£1bn). Pre-tax profits after redundancy and reorganisation costs of £3.5m (£4.5m) and a £5.1m provision which was set aside as a precautionary measure in respect of contracts in Saudi Arabia and South Africa.

Tax rose from £0.4m to £1.48m and earnings came through at 19.4p (11.1p) per 25p share.

See Lex

## Superdrug tops £6.8m as growth continues

THE GROWTH experienced by Superdrug Stores in the first nine months continued in a full year taxable profit of £6.8m, some 29 per cent ahead of last year's £5.31m.

A growth rate on the year of nearly 33 per cent in the last three months in February 25 1984 was slightly ahead of the average of 23 per cent achieved in the first three quarters.

Full year turnover of this toiletries-retailer expanded from £81.33m to £101.46m, with £20.19m (£22.89m) attributable to the final three-month period.

The directors have declared a final dividend of 2.1p making a total of 4.5p. Shareholders representing about 40 per cent of the ordinary capital intend to waive all but a nominal amount of their entitlement.

They took £2.5m (£2.4m) and £1.7m (£1.6m) being a provision for deferred taxation, absorbed £2.2m (credit £2.000).

## ● comment

Superdrug came in on target with its £6.8m pre-tax profits but it was too dull for the market which marked the shares down 10p to 295p. Margins added up slightly helped by the growing proportion of own label goods on the shelves, which reached 19 per cent of turnover. The 31 new stores opened in the year brought the total to 174. Another 35 plus stores are planned for the current year and a further small increase in the proportion of own label. The company is reaching saturation point in warehouse facilities and will spill over into a temporary satellite site until its new depot in the north east is ready in the autumn, at a cost of around £5m. The market expects around £3.4m for the current year which gives a prospective p/e of 21. It has come down from the mid-20s it reached after coming to the market but still recognises considerable growth potential.

## LADBROKE INDEX

Based on FT Index  
874-878 (-4)  
Tel: 01-493 5261

## Eagle Star

## SUMMARY OF GROUP RESULTS FOR 1983

The letters to shareholders recommending the offer by B.A.T. Industries plc for the Ordinary shares of Eagle Star indicated that the anticipated profits for 1983 would be of the order of £90m. This was based on a number of assumptions, one of which was that the weather during the winter of 1983/84 would be similar to that experienced in 1982/83. In addition to storm damage in the closing days of 1983 the claims experience during January 1984 was affected by adverse weather and in accordance with our normal accounting policies amounts have been set aside to take account of this. Nevertheless the reported profits are £90.3m made up as follows:-

	1983 £m	1982 £m
<b>PREMIUM INCOME</b>		
Fire, accident and motor	537.4	491.3
Marine, aviation and transport	34.3	30.4
Long term — annual premiums	215.9	186.2
— single premiums	98.4	159.7
	<b>886.0</b>	<b>867.6</b>
<b>PROFIT AND LOSS ACCOUNT</b>		
Investment income	109.9*	100.3*
Profits of Grovewood Securities	23.3	17.0
Share of associated companies' profits	0.2	—
Shareholders' long term profits	20.5	17.2
Underwriting loss	(60.3)**	(63.7)**
Expenses not charged to other accounts	(3.2)	(2.8)
Surplus	90.3**	68.0**
Taxation	(32.1)	(29.5)
Minority interests	(4.6)	(3.0)
Extraordinary items — net of taxation	3.2	—
Staff Profit sharing — net of taxation	—	(1.1)
Dividends	56.8	34.4
	<b>(27.7)</b>	<b>(23.4)</b>
Balance added to retained profits and reserves	<b>23.1</b>	<b>11.0</b>

\*After deducting £1.9m in respect of interest on loan notes (1982: £2.1m).

\*\*After transfers from reserves.

The Directors are recommending a final dividend of 12p per share payable on 2nd July 1984 to ordinary shareholders on the register as at the close of business on 29th June 1984 which, with the interim dividend, will give a total dividend for the year of 20p per share (1982: 17p). At the end of 1983 the free reserves of the group, including £508m in respect of gross capital appreciation on investments, but excluding the value of the shareholders' equity in life funds, amounted to approximately 130 per cent of the general business premium income. This compares with 110 per cent at the end of 1982 and provides a substantial margin of free reserves, over and above the provision for liabilities.

**GENERAL INSURANCE BUSINESS.** Competition for insurance business worldwide continues to be intense and we have continued a policy of protecting our insurance portfolio without accepting risks at premium rates which cannot be justified on the basis of claims experience. The table set out below analyses the income and underwriting results for each major territory including an estimate of the investment income applicable to the insurance business in each territory.

	Premium income £m	Underwriting result £m	Investment income less expenses £m	1983 Total £m	1982 Total £m
United Kingdom and the Republic of Ireland*	399.2	(44.3)	64.1	19.0	12.7
Australia	41.5	(1.8)	3.9	2.1	(1.6)
Belgium	26.2	(6.1)	3.8	(2.3)	(0.3)
South Africa	65.8	1.9	4.3	6.2	3.9
USA	21.9	(7.2)	1.3	(5.9)	(1.4)
Other territories	17.3	(3.8)	2.6	(1.2)	(3.3)
Change in provision for unexpired risks (overshoot business)	—	1.0	—	1.0	0.5
	<b>571.7</b>	<b>(60.3)</b>	<b>80.0</b>	<b>19.7**</b>	<b>10.5**</b>
Attributable to shareholders' funds			49.9	49.9	40.3
		<b>(60.3)</b>	<b>129.9</b>	<b>69.6</b>	<b>50.8</b>

\*Including reinsurance and worldwide marine and aviation.

\*\*After transfers from reserves.

**UNITED KINGDOM.** There was a substantial improvement in the overall profit from £10.4m in 1982 to £17.9m. Competition for commercial business at the beginning of the year was particularly severe but recently there has been some hardening in attitudes. Commercial fire and liability business made an underwriting loss of £5.8m and £7.2m (1982: £6.0m, £13.0m) respectively before attributable investment income. The £11m account showed a loss of £12.4m (1982: £12.2m) and the motor account a loss of £1.5m (1982: £1.9m), the latter benefiting from falling inflation with consequent savings on claims estimates made previously. Premium levels for personal lines business are still inadequate. Although there has been some upward movement in motor rates, those for household risks are still insufficient to cover claims from adverse weather and increasing numbers of burglaries.

The results for London Market business reflect inadequate rates throughout the world. Overall there was a loss of £8.6m (1982: £5.7m). Reinsurers are imposing increased premiums and more stringent terms but we do not expect to see the benefits of these reflected in our reinsurance account for some time. Industrial disease claims are still causing concern and we have further strengthened our claims provisions from inner reserves. The worldwide marine and aviation account has suffered from severe international competition together with particular problems in France, resulting in a loss of £2.5m (1982: £1.0m).

Overseas results in many territories were also affected by adverse weather during the fourth quarter of 1983. Whilst underwriting results in Australia and South Africa improved considerably over 1982 these were more than offset by deteriorating results in Belgium and the United States.

**LIFE ASSURANCE BUSINESS.** The achievements in 1983 have been dominated by the success in selling low cost endowment business connected with the introduction of the MIRAS system of granting tax relief on mortgages. In addition, ordinary business, particularly that connected with linked-savings schemes through Building Societies, recorded significant growth. Individual pension business has also been a strong feature with sale of our self-employed reversion contract being significantly up on 1982.

The fall in overall premiums is principally accounted for by a reduction in the sale of bonds. Opportunities in this market vary significantly from one year to another.

**GROVEWOOD SECURITIES.** Grovewood Securities has again achieved record profits amounting to £23.3m, a 37 per cent increase over 1982. This Group under the chairmanship of Mr John Denny has the excellent record of increased profits for the past 16 years which shows the strength of the constituent companies in the Group.

A public offer for sale by tender of 25 per cent of the equity of VG Instruments PLC, a subsidiary of Grovewood, was made in December 1983 and the shares are standing at a substantial premium.

The above is a summary of the results for the year. The full report and accounts which contain an unqualified auditors' report will be published on 13th April 1984 and delivered to the Registrar of Companies within the prescribed period.

## Eagle Star Holdings PLC

1, Threadneedle Street, London EC2R 8BE

## Aurora shows sharp recovery

WITHOUT THE burden of its steel manufacturing activities and high interest charges, Aurora's profits rose sharply from losses of £3.85m to pre-tax profits of £3.19m in 1983.

Sales of this general and precision engineering were lower at £91.34m, against £108.43m. Operating profits climbed from £1.32m to £5.61m and represented £5.62m (£4.85m) from continuing businesses and £0.00m (£0.00m) from discontinued businesses (£5.54m losses) from activities sold or closed.

The directors say scope remains to improve productivity and the utilisation of assets. Signs of a modest but sustained upturn in order intake are at last apparent and the group is in a stronger and more stable position than for some years. The improvement in UK profitability at halfway continued in the second half. Most companies experienced a steadily improving trend in order intake, although in certain areas, particularly steel castings, demand has not recovered.

The group's Australian companies maintained their improve-

ment in the second half, both in terms of profits and cash flow. The Canadian subsidiary also had a good year.

Net debt was reduced to 35 per cent of shareholders' funds at the year end, both as a result of last July's capital reorganisation and through substantial cash generation from operations.

There is again no dividend for the year—the last payment was in respect of 1980. Stated earnings per share were 2.37p (4.64p losses). Tax took £905,000 (£563,000), minorities £3,000 (nil) and in 1982 there was also an exchange loss of £43,000. Extraordinary credits this time amounted to £1.94m (£13.35m debits) and arose from the sale of the Openhaw steel manufacturing assets at above book value, less adjustments to other provisions.

Pre-tax results were after lower interest payments of £2.49m (£3.46m).

## ● comment

This could be the new dawn for Aurora. Its bankers ought to be

well pleased with the progress the group has made since it was rescued last year from the brink of disaster. And the figures show that Aurora's solid engineering businesses perform well when not lumbered with weight of the catastrophic venture into special steels. There should be more to come this year, with management attention firmly focussed on the surviving companies and the benefits of an upturn both in the UK and in Australia.

Restructuring, disposals and good cash flow have brought Aurora down to a reasonable 35 per cent. All this will be little consolation to Aurora's old shareholders who have seen the value of their investment plummeted and this year at least get no dividend. But for the potential investor this preferred ordinary shares issued at reconstruction, which form 97 per cent of the new equity, look attractive, with a 9 per cent fixed return, and conversion, dividend participation and voting rights. These shares were 17p, up 21p.

## YOU'RE BETTER OFF THE NORWICH WAY.

At the end of the day a pension can only be judged by how much you get when you retire; how successfully your premiums have been made to work for you through skilful investment.

## INVESTMENT POWER

Insurance companies vary considerably when it comes to investment performance. The difference could make you, or lose you, a lot of money. Norwich Union have a consistent record of success that's hard to beat.

A large investment team with formidable inherited skills is one reason. £1,430 millions in property is another. Currently our portfolio is more heavily weighted towards property and equities than those of many other insurance companies. And because Norwich Union is a mutual company, profits belong only to policyholders. There are no shareholders to take a slice.

Look back at the Norwich Union track record and you'll get the measure of our investment power. It is a record that speaks louder than words and louder than any projection.

## COMPLETE RANGE

Now the power of Norwich Union investment expertise is behind a range of executive pensions. For directors, managers



and key employees there are the Individual Pension Plan and the Unit-Linked Pension Plan, schemes which are highly tax effective to management and company alike besides providing chosen key employees with a welcome reward.

In addition, there's the Money Purchase Plan designed to supplement the State scheme where companies are not contracted out. This may be offered to any selected groups within a company, say skilled workers.

The company retains total control over the levels of payments.

## ALL MODERN OPTIONS

These pensions offer all the options people expect nowadays.

You can choose between conventional or unit-linked. Payout can be in income or income and cash. All policies with the exception of The Money Purchase Plan, offer loanback.

And it's worth noting that you can enter into these schemes at any time, even when you are close to retirement.

## ACT NOW

Talk to your financial adviser now. He'll tell you which scheme is particularly suited to you and your company. And he'll tell you why you're better off the Norwich way.





# BARCLAYS 1983

## Barclays well placed as economic recovery gathers speed.

*The Annual General Meeting of Barclays Bank PLC will be held in London on 25th April 1984. The following is the address to the Stockholders by the Chairman, Sir Timothy Bevan, for the year 1983.*

I am glad to report that the final result at £557 million is not unsatisfactory, particularly in the light of the various strains to which international banks have been exposed. Historically, banks do relatively well at the onset of a recession, when both interest rates and bank lending have reached high levels, but in return they continue to suffer in the first phase of a recovery when interest rates are lower and corporate lending remains slack, but bad debts continue to rise. The past year has been no exception, and 1983 was the worst year on record for the number of business failures. Thus it is that our results have again been adversely affected by provisions for bad and doubtful debts both in the United Kingdom and overseas, and in recognition of these continuing uncertainties, particularly internationally, we have thought it right to increase the level of our general provisions to £306 million.

As stockholders will know, it is planned to merge the Clearing Bank and Barclays International, and so I hope that by the time the next statement comes to be written the Group will be operating as one integrated unit; but in the meantime I would like to say a little about some of the divisional activities in 1983.

### U.K. Division

In Barclays U.K., Mr Henry Lambert, a Group Deputy Chairman returned as Divisional Chairman on the departure of Mr DV Weyer (who remains on the Group Board) to be Deputy Chairman of British Telecom.

Profits have been maintained at much the same level as those of last year, but this apparently flat performance conceals a useful improvement—in 1983 there was a fall in average base rate from 11.9% in 1982 to 9.8%, and 1983's results owed around £45 million to profits realised from Gilt-Edged securities. We are also now reaping the rewards of a systematic drive on costs, and there has been a useful growth in fee income from admittedly low levels.

Although last year brought an encouraging upturn in several sectors of the domestic economy, many of our customers, especially in manufacturing, still need nursing, and our bad and doubtful debt list shows that a number have succumbed in spite of our support. Happily more still have succeeded, in the difficult and dangerous years since the first oil shock, in cutting down unnecessary expenses, preserving adequate liquidity, and making themselves efficient enough to prosper in the future. Much of the country's success in the years ahead will depend on progress both in the entirely new industries which science is creating, and on how traditional industries use modern manufacturing technology and machinery. We have formed a well regarded high technology unit to back our rapidly expanding involvement in this challenging field.

We have now had a full year of Saturday opening and the activity we see shows how much our customers (and those of other banks) appreciate the service and the informal and relaxed atmosphere in these branches. We are well pleased with the response, which has justified our initiative.

The proportion of our credit balances held on cheque accounts has been maintained at about 26%, but we have been faced with a continuing drain on our seven-day deposit accounts, where funds have again gone to the Building Societies and to National Savings. Whilst relatively high interest rates, basically caused by the distant U.S. budget deficit, are attractive to savers, the consequence for the borrower, particularly the troubled industrial borrower, is expensive.

### International Division

In Barclays International, Mr Frank Dolling succeeded Mr Lambert as Divisional Chairman and Group Deputy Chairman. He is also the first Chairman of Barclays International to have spent virtually his entire working life in that part of the Group.

We have formed a U.S. Committee, the Chairman of which is Mr Bill Sneath, a distinguished American businessman, to advise on all our U.S. operations—we have all told \$13 billion in assets and 7,700 on the payroll there.

In South Africa our interest in Barclays National has been reduced from 55% to 50.45% by not taking up our rights in a recent issue made by Barclays National, and in anticipation of the requirements of the South African authorities.

As I have already indicated, our overseas operations have not escaped their share of bad and doubtful debts and provisions are at a record high level. But profits have shown a strong recovery, and what is pleasing is the upward trend of trading profits before provisions. In North America, where we had suffered, particularly in the energy sector, the problems have been identified, and an overall loss in 1982 has been converted to a modest profit in 1983. The upturn in the economy in the U.S.A. should help us to continue to expand our business and to build on the solid base we have established. In Hong Kong, like other banks, we have felt the effects of the collapse in property values, but elsewhere the profit contribution from our relatively recently established operations continues to grow. We therefore expect to continue the process whereby the Group becomes less dependent on profits earned in the U.K.

### Barclays Merchant Bank

This has also continued to do well both in its own right and as a promoter of invigorating ideas to other parts of the Group. We are fully committed to expanding our merchant banking operations both in the U.K. and on an international basis, and to this end have formed an International Merchant Banking and a Corporate Services Division.

### Mercantile Credit Company

The Company has had a difficult year as the recession continued to bite, with increased bad debt provisions having to be made, particularly in the traditional consumer portfolio. This has resulted in lower profits, and against this background the Company has made strenuous and successful efforts to improve the quality of its business, and is concentrating on reducing its costs. It looks forward to the future with confidence.

### Trust Company

1983 was a good year for this Division. All the companies within it benefited from the strength of stockmarkets throughout the world, but equally important factors were very healthy inflows of new business and continued success in containing the growth of operating expenses. As a result, the Division's contribution to Group profits was higher than ever before.

### Capital Adequacy

During 1983 we raised U.S.\$400 million of loan capital in what was the largest ever private sector foreign issue in the U.S. bond market. This, together

with retentions and other smaller loan capital additions, contributed to an increase of over £700 million in the Bank's capital resources and, coupled with control over our asset growth, there has been as a result a further strengthening of capital ratios.

Since the end of the year, taking advantage of favourable Euromarket conditions, we have raised a further U.S.\$350 million.

### Profits

Bank profits are an emotive subject, and sometimes I feel it is an unfair world in that criticism seems to come from two totally different directions. Firstly, from the investment analyst who says they are too small, and secondly from some observers of the domestic scene who say that the High Street banks make too much.

In a sense, both can make a case. From the point of view of the analyst, average capital resources for the year amounted to about £3,950 million, and as a measure only, if that money were to have been invested in United Kingdom Government securities, in 1983 our profit would have been in excess of £490 million instead of the £659 million total group profit we have declared. Thus the additional return which the 135,000 staff of the Barclays Group provided in 5,570 offices around the world was only £169 million which is, arguably, too small to compensate for the risks involved in banking.

Secondly, from the point of view of the domestic commentator, the profit might be considered too large if Barclays were just a High Street bank—it is not—it is the sixth largest international bank in the world, and more than half of our balance sheet relates to our international business.

Sometimes, too, it is argued that the banks pay too little tax, but again this argument has little validity. If leasing customers could not use the banks' tax allowances, investment might well diminish, with all that entails for national growth and unemployment—and leasing is reckoned to have accounted for 18.3% of total U.K. manufacturing investment in 1982, and is forecast to account for over 16% in 1983.

### Change

1983 was a year of upheaval and change, and at home the scene has become still more competitive, especially in our personal sector business. This is not unfair, but it does mean that the banks will have to change their ways to provide the service that the customer wants. In the past, the banks have tended to tell their industrial customers that they must adapt to new conditions or gradually fade away, but banks themselves must be prepared to face change too.

For instance, in 1950, when I joined the Bank, 75% of the Clearing Bank deposits were in non-interest-paying current accounts, and in return for leaving that money with us interest free, customers were provided with a multiplicity of branches each offering the services of the Bank for no charge, or at only a fraction of their cost.

Now our cheque account balances have fallen from 75% to 26%, but if customers have decided to keep that much less on cheque accounts the implication is that they will have increasingly to pay for services as they are used. If this is what customers want, then, of course, we must provide it—for instance, as I said earlier, we think that many personal customers want to use a branch on Saturdays, so we have opened about 440 of them. The changing scene should not mean we will employ fewer staff, but should mean that by adapting we can attract more customers.

Corporate customers also require specialised service, and to this end we are pressing on with improvements to our world-wide electronic data processing systems.

This is an expensive and time-consuming business, but we have a sound and increasingly advanced infrastructure. The range of computerised banking services which we can offer through this network is rapidly growing. In the knowledge that we shall need to widen these for our corporate customers in the coming years, we have introduced a new cash management service, marketed under the name of BarCam, which has taken more than 40,000 man-hours to develop.

The changing scene is not restricted to the United Kingdom: the U.S. banking industry is also in a state of flux, and in South Africa too things are changing fast, with interest being paid on cheque accounts, and consequently increased emphasis on transmission charges.

The world over, consumerism is on the march and we should welcome it, as we have welcomed the report of the National Consumer Council in the United Kingdom—consumerism is, after all, the voice of the consumer whose financial needs we have to serve to provide our livelihood.

It is to face the challenges of the 1980s that we are proceeding with the reorganisation of the Group into one bank that was mentioned in my statement last year. The necessary Bill has been deposited in Parliament and those involved in the Bank are enthusiastic, for there is a general realisation that in today's integrated world, the Bank too has to operate as an integrated unit. This means change and adaptation for us all.

### The Economy

Turning first to the economy at home, the outstanding feature has been a fall in the inflation rate to a figure no higher than the world average, and one that is certainly lower than seemed likely a year ago. This achievement, mainly the fruit of the Government's financial policies, has checked the erosion of money and savings, and has improved confidence.

An immediate consequence has been a considerable increase in consumer spending over the past eighteen months, which has been reflected, as far as the banks are concerned, in a high rate of growth of the demand for advances from our personal customers.

By way of contrast, the combination of relatively low capital outlays by industry at a time of a long overdue improvement in profitability and a buoyant new issue market led to a relatively weak loan demand from manufacturing industry in particular in 1983.

In the current year the increase in consumer spending is likely to slow down whereas corporate capital outlays will probably show a welcome increase. As a result, the increase in bank lending to the personal sector could well decelerate, but lending to the corporate sector will probably expand.

This is as it should be: for the upturn in the economy to be soundly based we need to see the emphasis changing from consumption to investment. But if the industrial upturn is to become a solid revival, it will require a continued improvement in profitability from its still low level, and this in turn will require continued restraint of wage costs or a commensurate improvement in pro-

ductivity. It is unlikely that industry will receive much further benefit from interest rate movements in 1984.

Many of our industrial customers will benefit from the revival of the world economy as the upturn in North America and Japan finally spreads to Europe, which is the U.K.'s biggest market. But the world upturn is likely to be modest by past standards; real interest rates are still too high, and deep structural problems persist.

### International Banking

The international banking scene is still sombre, if not as threatening as it seemed a year or so ago. The first point I should make to stockholders is that your Bank is relatively well placed: for instance, our total Latin American exposure amounts to about 3.2% of total assets, which compares favourably with most other international banks.

On the overall situation millions of words have been written, but it seems to me that the basic facts are fairly clear. World trade was severely dislocated by the oil price rises of 1974 and 1979, which caused worldwide recession—as an example of this, the volume of laid-up shipping in the world was only about 1 million deadweight tonnes in 1974 compared with 8.4 million deadweight tonnes today, which is the equivalent of about 12% of total world shipping tonnage. Traditionally, the job of banks is to foster world trade—thus two-thirds of our Brazilian exposure is trade-related—and the dislocation of world trade in recent years would have been even worse if the banks had not played their part.

But in many of the countries that have taken their re-scheduling medicine by cutting imports and investment and standards of living, increasing only exports, there is a limit to how far they can go for domestic political reasons. Equally exports cannot for ever be increased if a large part of the world is restricting imports, including the richer countries that are following restrained financial policies to curb the menace of inflation.

At the same time banks generally are reluctant to increase their country limits—and correctly so. Banks have to spread their risks and not place too many eggs in one basket if a major bank collapse is to be avoided.

To compound the problem, the interest payment burden of debtor countries is largely determined by U.S. interest rates, and at their present level of indebtedness the net interest bill for the non-oil developing countries is running at about \$44 billion per annum, contributing to a combined current account deficit of some \$65–70 billion in 1983.

Finally, the growth of the Eurocurrency market on which banks depend for a large proportion of their international funds has declined sharply, which could eventually make it more expensive for the level of lending required to be supplied. In December 1982 the Euromarket was reckoned to total about \$1,400 billion by the Bank for International Settlements, and by the end of 1983 it is estimated to be \$1,430 billion, a very low rate of growth when compared with an average of about 18% in recent years.

In these circumstances an international effort by both governments and banks seems to be called for—governments should not ignore their responsibilities, but banks should not expect their governments to free them from the penalties of errors or misjudgements they have made in the past.

Nevertheless, it is clear that there is a limit to the contribution which both banks and governments can make to solving the problem of international indebtedness. Banks are constrained by their capital resources and by commercial prudence, while governments are restricted by the reluctance of taxpaying voters to foot the bill.

It follows that a cure for the problem—as opposed to the application of first-aid—will require a return to the financing of developing country projects through the medium of private capital flows outside the world banking system. This, however, will happen only if the developing countries themselves take the measures necessary to encourage private capital, and in any case it is unlikely to happen overnight.

Unless there is a somewhat miraculous combination of high economic growth and low interest rates in the developed world, the problem of international indebtedness is likely to remain with us for some time, but discussion and understanding would be a useful first step.

### Staff

Earlier in this statement I mentioned capital ratios, but perhaps I could end by mentioning the most important capital asset that stockholders have—an enthusiastic and socially responsible staff. Stockholders are fortunate in this, their greatest asset.

*Timothy Bevan*

Sir Timothy Bevan, Chairman of Barclays Bank PLC, 1st March 1984.

The Barclays Bank Report and Accounts gives a comprehensive review of the Group's activities in the U.K. and around the world. To obtain a copy, just send this coupon to the address below.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_ FT29/3  
Post Code \_\_\_\_\_



**BARCLAYS**

Post to The Secretary, Barclays Bank PLC, 54 Lombard Street, London EC3P 3AH.

REGISTERED OFFICE: 54 LOMBARD STREET, LONDON EC3P 3AH. REG. NO. 18859.



## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemp.	Vacs.
1983							
1st qtr.	99.5	94.3	85	105.5	115.9	3,043	124
2nd qtr.	99.6	94.2	91	107.3	119.7	2,587	135
3rd qtr.	101.3	95.7	90	108.3	124.0	2,550	149
4th qtr.	102.1	96.2	96	110.3	131.4	2,941	162
July	101.1	96.1	96	107.0	123.8	2,957	153
August	101.0	95.4	88	107.6	123.7	2,941	162
September	101.7	95.6	87	110.9	124.3	2,951	164
October	101.6	95.7	91	109.0	130.4	2,941	167
November	101.8	95.8	91	110.9	141.0	2,937	163
December	102.9	97.1	97	111.0	176.6	2,946	155
1984							
January	103.6	97.6		107.7	123.4	2,976	153
February				108.9		3,005	149

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mfg.	Textile mfg.	Housg. starts
1983							
1st qtr.	95.7	91.5	105.0	92.3	99.8	88.7	18.1
2nd qtr.	96.5	90.2	105.8	92.4	104.2	88.7	19.8
3rd qtr.	97.0	90.5	108.5	93.4	104.3	89.9	17.2
4th qtr.	98.8	91.5	109.4	94.0	108.1	90.2	15.9
July	97.9	92.0	107.0	94.0	107.0	91.0	17.2
August	97.0	90.0	108.0	93.0	106.0	91.0	16.5
September	97.0	90.0	110.0	93.0	106.0	91.0	18.0
October	97.0	91.0	108.0	93.0	106.0	91.0	18.0
November	97.0	91.0	109.0	93.0	106.0	91.0	18.2
December	97.0	93.0	110.0	95.0	111.0	92.0	16.9
1984							
January	97.0	93.0	111.0	96.0	115.0	90.0	13.1

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms of trade	Resv. US\$bn
1983							
1st qtr.	102.3	104.5	+203	+1,094	+1,801	87.7	17.34
2nd qtr.	100.3	106.6	-460	-37	+1,556	98.2	17.71
3rd qtr.	99.3	106.6	-248	+653	+1,821	99.4	17.90
4th qtr.	107.4	112.7	-45	+339	+1,233	96.7	17.82
July	104.9	106.2	-22	+78	+464	99.0	17.94
August	102.9	106.5	-78	+223	+532	99.5	18.01
September	102.0	107.2	-52	+352	+525	99.6	17.90
October	102.2	118.0	-423	-312	+561	98.3	18.10
November	104.8	108.2	-41	+183	+661	98.7	18.10
December	114.3	112.1	+22	+469	+991	96.7	17.82
1984							
January	102.2	112.6	-339	-89	+718	98.2	17.79
February	116.8	110.5	+569	+819	+823	97.6	17.98

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M1	M3	Advances	DCE	BS	HP	Base rate
1983							
1st qtr.	9.5	8.1	10.6	+4,466	1,174	2,520	10.50
2nd qtr.	15.3	14.6	15.0	+5,087	1,071	2,540	9.50
3rd qtr.	8.5	8.4	24.8	+1,491	2,098	2,648	9.50
4th qtr.	10.4	8.8	18.3	+2,745	2,415	2,615	9.50
July	14.9	12.0	-22	+776	739	2,648	9.50
August	11.5	10.8	22.5	+644	525	926	9.50
September	8.6	2.1	29.7	+71	824	892	9.50
October	8.6	4.8	22.8	+1,779	987	878	9.00
November	7.5	6.8	22.6	+1,413	870	969	9.00
December	15.3	15.2	11.9		888	978	9.00
1984							
January	7.6	11.5	12.3		926	965	9.00
February	7.7	9.0	12.6		954		9.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1982=100); trade weighted value of sterling (1978=100).

	Earnings	Basic mats.	Wholesale	RP1*	Foodst.	FT commodity	Strig.
1983							
1st qtr.	144.7	124.6	121.4	327.0	302.1	277.28	90.5
2nd qtr.	144.0	123.6	124.2	333.7	306.3	272.89	94.3
3rd qtr.	150.9	124.7	125.1	338.0	310.4	288.14	84.9
4th qtr.	153.2	128.4	126.7	341.8	315.4	298.50	83.2
August	150.4	124.6	124.9	339.0	309.4	293.02	83.1
September	150.5	126.5	125.7	339.5	313.8	288.14	84.8
October	151.7	126.2	126.2	340.7	314.5	283.19	83.4
November	152.5	127.4	126.7	341.9	316.1	288.10	82.7
December	153.1	131.7	127.3	342.8	318.5	298.50	82.5
1984							
January	152.7	133.6	128.1	342.6	319.8	295.75	81.9
February		134.1	128.9	344.0	321.4	291.34	82.2

\* Not seasonally adjusted.

## Legal &amp; General up 20% at £56m

BUOYANT life and pensions business, plus improved general insurance operations, helped Legal & General, Britain's second largest life assurance group, to a 20 per cent rise in pre-tax profits from £46.7m to £56m. The attributable profit advanced more than a quarter from £44m to £49.1m, with earnings per share climbing from 22.5p to 28.4p. Dividends for 1983 are lifted 19 per cent to 18.5p (15.5p) with a final payment of 12.5p.

Worldwide premium income on life and pensions business climbed 23 per cent to £798.7m. The post-tax surplus from the long-term funds, excluding the U.S. life subsidiary, determined by the annual valuation, rose 16 per cent to £188m. The actuary modified some of his assumptions to prevent last year's large increase in new business unreasonably restricting the surplus. The allocation to shareholders was increased from £22.7m net to £26.9m. The U.S. life subsidiary, Banner, showed a gross income of £11m last year, against £9.1m in 1982. Worldwide general insurance premium income rose 13 per cent in 1983 to £191.1m (£169.4m), with a 115 per cent solvency margin at the year end. Underwriting losses on general insurance operations were reduced slightly from £25.3m to £24.6m, due to a better result from the UK. Here the more favourable weather last year resulted in losses falling by a third from

## Charterhouse Petroleum moves ahead to £10m

ON LOWER turnover of £18.46m against £20.55m, Charterhouse Petroleum, oil and gas exploration and production concern, improved pre-tax profits marginally from a restated £9.74m to £10.01m in 1983.

Gross profits were down from £13.36m to £12.57m, but there was no supplementary petroleum duty this time compared with £3.39m for the previous 12 months. Exploration amortisation amounted to £4.79m (£2.6m) and administration expenses look £1.32m (£1.31m). After including a £967,000 profit (£218,000 loss) on disposals, the operating balance came through ahead at £6.93m (£5.66m). The pre-tax figure followed interest paid of £541,000 (£582,000) and included that received of £13.5m (£4.91m) and exchange gains of £207,000 (£418,000).

With petroleum revenue tax down to £3.06m (£3.52m) and corporation tax cut from £3.7m to £1.25m, earnings per share have risen from 3.6p to 6.3p. The final dividend is 0.5p net for an unchanged 0.75p total on increased capital. The directors say the company is well placed to take advantage of the many opportunities now open to it, with the current fiscal climate and projected decline in UK oil and gas production encouraging further exploration both on and offshore.

## Prudential raises its dividend by 25%

A NEAR 20 per cent rise in shareholders' profits from £55.6m to £66m is reported for 1983 by the Prudential Corporation, Britain's largest life assurance group. Shareholders, however, get their dividends for 1983 increased by more than 25 per cent from 15p to 18p with a final payment of 13.5p.

Mr Brian Corry, Pru's chief executive, stated that this dividend increase reflected the underlying financial strength of the life funds and the group's policy that shareholders should benefit from the appreciation in assets of the life funds. Worldwide premium income on long-term funds rose 12 per cent from £1,580m to £1,740m, while the distributable profit on the funds for 1983 rose by 18 per cent from £377.9m to £445.5m. The shareholders' surplus amounted to £52m last year, compared with £50.4m in 1982.

General insurance premium income increased by 14 per cent in sterling terms from £604.5m to £690.3m, the underwriting profit allowing for exchange rates being 10 per cent. The solvency margin improved from 98 per cent to 96 per cent at the end of 1983.

Underwriting losses worsened from £67.5m in 1982 to £80.1m last year, due primarily to losses on the UK account climbing from £20m to £24m and on the specialist reinsurance subsidiary, Mercantile and General, with losses up from £31.8m to £43.1m.

Premiums on UK general insurance rose 10 per cent from £216.5m to £240.7m, with all main classes showing growth. Underwriting losses on domestic property, which accounts for nearly half of the UK business, worsened from £8.5m to £10m, primarily from a large jump in the number of theft claims.

Premiums on UK general insurance rose 10 per cent from £216.5m to £240.7m, with all main classes showing growth. Underwriting losses on domestic property, which accounts for nearly half of the UK business, worsened from £8.5m to £10m, primarily from a large jump in the number of theft claims.

Canada produced an underwriting profit of £4.4m against £2.6m and a trading profit of £1.4m against £0.4m. Income in local currency terms remained unchanged during the year.

However, with competitive pressures intensifying in the second half of last year, the outlook for this year is less encouraging.

The Pru recorded lower underwriting losses and a trading profit on its European operations, with an improvement in its Belgium subsidiary.

Smaller European operations. The Mercantile and General operations continued to be affected by poor world reinsurance trading conditions. The higher losses were primarily from deteriorations in the marine and aviation markets and in the results of overseas subsidiaries.

There are, however, signs of improvement this year with premium rates hardening and treaty terms being stiffer.

Prudential's with-profit policyholders get an 18 per cent increase in their allocation of surplus from £587.5m to £694.5m.

The group has in 1983 changed from a simple bonus system, under which the bonus additions related solely to the sums assured to a compound system which takes into account attaching bonuses as well as the sum assured.

Thus comparisons of the 1983 rates with previous years are not meaningful. On ordinary branch assurance the rate is £48 per £1,000 of benefits, while on personal policies it is £62 per £1,000. The Prudential is the first home service company to operate a compound bonus system for its industrial branch policies, the rate being £38 per £1,000.

Terminal bonuses have been increased substantially. See Lex.

## Dufay Bitumastic

Following two cash acquisitions to the year, pre-tax profits at Dufay Bitumastic fell from £70,000 to £58,000 for 1983. Mr C. Attwood, chairman, says the group is showing a significant increase in both activity and profitability in the current year.

Turnover of this maker of surface coating grew from £13.37m to £15.34m. Mr Attwood says that extra interest and depreciation charges as a result of the acquisitions caused the downturn in profits.

In view of the current trading position and future prospects the net final dividend has been effectively raised from 1.833p to 1.6p which increases the total from 2.166p to 2.5p after allowing for a 1-for-5 scrip.

Earnings per 10p share slipped from 3.96p to 2.2p.

## Ricardo Engineers

Despite a setback in the first half at Ricardo Consulting Engineers, with pre-tax profits down from £337,000 to £259,000, the directors say that an improvement in the second quarter has been maintained at the start of the second half.

Revenue for the six months to the end of 1983 increased from £4.94m to £5.06m. The net interim has been held at 0.875p, adjusting for last year's 3-for-1 scrip. The effective total last year came to 2.5p. Midway earnings 2.5p share fell from 3.7p to 2.42p.

The directors point out that output of contract design, development and research work at Ricardo during the first quarter was lower than hoped and overheads carried eroded profit margins.

## Electronics side lifts Lex above forecast to £38.3m

COMPARED WITH a forecast of not less than £35m pre-tax profits of Lex Service emerged at £38.3m for the year to January 1. Over the preceding 12 months the group, which is engaged in automobile and electronic component distribution, returned profits of £20m.

The improvement over the forecast, made last October at the time of the 21m rights issue, was largely due to a higher contribution from the electronic components division in the final quarter.

This division generated 25 per cent of group trading profits for the past year and a "substantially higher" contribution is expected in 1984.

Earnings for 1983-84 rose from an adjusted 24p to 38.35p per share and a final dividend of 6p, as forecast, lifts the total from 8.1p to 8.75p net.

Results for January and February show that 1984 has started well for Lex. Mr Trevor

China, chairman and managing director, says the UK passenger car market remains buoyant and demand for electronic components in the U.S. and Europe remains "very strong".

Schweber's sales in the U.S. over the first two months were 93 per cent higher than the comparable period while sales of the UK electronic components division increased by 113 per cent and those in Germany and France by 110 per cent.

Group turnover for the past year totalled £887.5m (£864.1m). Current cost adjustments reduce pre-tax profits to £33.8m (£16.7m) and earnings per share to 33.07p (18.96p).

Electronic component distribution is growing at such a pace that profits this year could top £50m pre-tax at Lex Service. There is limited expansion with Lex full 12 month contribution from automotive or electronics.

Electronic component distribution is growing at such a pace that profits this year could top £50m pre-tax at Lex Service. There is limited expansion with Lex full 12 month contribution from automotive or electronics.

Electronic component distribution is growing at such a pace that profits this year could top £50m pre-tax at Lex Service. There is limited expansion with Lex full 12 month contribution from automotive or electronics.

## NOTICE OF REDEMPTION

To the Holders of

## ENTE NAZIONALE IDROCARBURI

E.N.I.

(National Hydrocarbons Authority)

6 3/4 % Sinking Fund Debentures due November 1, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on May 1, 1984, at the principal amount thereof \$480,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers 25 37 46 54 77 80

Also Debentures of U.S. \$1,000 Each of Prefix "M" Bearing the Following Serial Numbers:

287 1087 3087 3687 4087 4687 5087 5687 6087 6687 7087 7687 8087 8687 9087 9687 10087 10687 11087 11687 12087 12687 13087 13687 14087 14687 15087 15687 16087 16687 17087 17687 18087 18687 19087 19687 20087 20687 21087 21687 22087 22687 23087 23687 24087 24687 25087 25687 26087 26687 27087 27687 28087 28687 29087 29687 30087 30687 31087 31687 32087 32687 33087 33687 34087 34687 35087 35687 36087 36687 37087 37687 38087 38687 39087 39687 40087 40687 41087 41687 42087 42687 43087 43687 44087 44687 45087 45687 46087 46687 47087 47687 48087 48687 49087 49687 50087 50687 51087 51687 52087 52687 53087 53687 54087 54687 55087 55687 56087 56687 57087 57687 58087 58687 59087 59687 60087 60687 61087 61687 62087 62687 63087 63687 64087 64687 65087 65687 66087 66687 67087 67687 68087 68687 69087 69687 70087 70687 71087 71687 72087 72687 73087 73687 74087 74687 75087 75687 76087 76687 77087 77687 78087 78687 79087 79687 80087 80687 81087 81687 82087 82687 83087 83687 84087 84687 85087 85687 86087 86687 87087 87687 88087 88687 89087 89687 90087 90687 91087 91687 92087 92687 93087 93687 94087 94687 95087 95687 96087 96687 97087 97687 98087 98687 99087 99687 100087 100687 101087 101687 102087 102687 103087 103687 104087 104687 105087 105687 106087 106687 107087 107687 108087 108687 109087 109687 110087 110687 111087 111687 112087 112687 113087 113687 114087 114687 115087 115687 116087 116687 117087 117687 118087 118687 119087 119687 120087 120687 121087 121687 122087 122687 123087 123687 124087 124687 125087 125687 126087 126687 127087 127687 128087 128687 129087 129687 130087 130687 131087 131687 132087 132687 133087 133687 134087 134687 135087 135687 136087 136687 137087 1376



## UK COMPANY NEWS

## AB Electronic upsurge and makes £19m rights issue

AB Electronic Products, which manufactures a wide range of electronic systems and components, is raising £18.9m after expenses through a one-for-three rights issue at 400p a share.

The fast-growing company yesterday announced pre-tax profits for the six months to December 1983 of £2.04m, up from £806,000, with an 80 per cent increase in sales. The directors forecast a profit for the year of £4.76m, compared with £2.94m.

The company has been broadening its markets over the last couple of years away from a reliance on consumer electronics into electronic systems and components for the automotive industry, computers, telecommunications, defence and cable and wireless.

It has acquired a number of large contracts which require the equipping of new factories, the purchase of additional plant and machinery and additional working capital, according to

the directors. It is also considering the acquisition of new businesses, particularly to facilitate expansion in the area of applied electronics.

The major contracts include production of the IBM personal computer, Acorn Electron and a microprocessor control system for the new Jaguar XJ40 saloon.

The company has paid an interim dividend of 1.5p net and forecasts a final dividend of 4.5p net. Earnings per share increased from 3.7p to 11p.

The directors say that in the UK, sales of electronic systems continued to increase in the past six months and accounted for two thirds of turnover. Component sales remained disappointing with the exception of thick-film networks and hybrid circuits which together grew by 45 per cent.

Second half profits will not show as great an increase over the first half as usual due, according to the directors, to a worldwide shortage of certain components.

The issue has been fully underwritten by Barclays Merchant Bank and the brokers to the issue are Cazenove.

Dealings in the new shares will commence on March 29 1984.

## ● comment

AB Electronics has steamed ahead since its last cash call for a modest £3.2m in October 1983. Now the board, led by chairman Mr Henry Kroch, is anticipating the next stage in the group's development. He expects major growth from AB Automotive Products and hopes to increase AB's presence in the telecommunications business where it makes paging devices and modems. Production of the IBM PC is building up and should make a significant contribution in the second half. They company should have no trouble meeting its profit forecast and should exceed £5m. The issue was well received in the market where the shares rose 10p to close at 485p.

## Weir falls to £4.9m but final maintained

CONTINUING the decline shown at midway, taxable profits of Weir Group for 1983 showed a 36 per cent decline from £7.68m to £4.94m. At halfway pre-tax profits fell from £3.56m to £2.16m.

An unchanged final dividend of 1.75p is proposed leaving the total reduced from 2.5p to 2.125p. The figures reflect the reduction in the profitability of the engineering division, and the lower contribution from associates, down from £3.52m to £1.51m.

These were only partly offset by the better results from the foundries and engineering supplies divisions.

A difficult trading year saw turnover slump from £136.9m to £119.83m. Interest charges were lower at £1.39m against £2.46m. Tax took £2.2m against £3.18m and there were no extraordinary debits (£1.76m). Earnings per share were 4.4n (11.5p) basic, and 3.6p (7.7p) fully diluted.

They forecast that the current year will continue to present problems, but intend to pursue new opportunities for sustainable growth. They hope that in 1984 profits will show some improvement although indications are that this will not be evident in the first half.

## ● comment

Weir's results came as no surprise to a market in which it is abundantly clear that the recovery still has a long way to go to penetrate the capital goods sector, and the shares stayed unchanged at 27p, not far from their low for the past year. The group has worked hard to cut costs, but it can expect only modest improvement in profitability until demand picks up, particularly for pumps for the oil industry which are its most important product. The massive capital reconstruction of 1981 saved Weir and transformed its balance sheet, but now commits the group to heavy preference dividend payments at a time when it would obviously like to husband its resources. For the year, pre-tax profits should pick up enough to allow Weir to restore its ordinary dividend to £1.75p from this year's reduced 2.125p. The historic yield is an attractive 12 per cent, which may be enough to move the shares forward a little, but there can be no hope of anything more spectacular.

## Slough Estates rises to £20m

TAXABLE PROFITS of Slough Estates, a property group, advanced by 25 per cent from £16.17m to £20.15m in 1983, compared with a forecast of not less than £19.25m made in January. The directors expect 1984 to be another year of growth in both profits and earnings.

Earnings per 25p share rose from 7.02p to 7.64p basic or from 6.52p to 7.19p diluted. As forecast, a final dividend of 2.475p net lifts the total to 4p (9.325p)—an effective increase of 20 per cent.

UK rental income increased from £22.11m to £29.12m in the year, while the overseas figure improved by £1.17m to £12.42m. Pre-tax results were after charging £1.26m (£1.22m) in respect of carrying costs on land held for future development.

Net earnings were up from £12.71m to £14.24m, after a higher tax charge of £5.7m (£3.23m) and minorities. Dividends absorbed £7.55m (£6.11m) leaving £6.69m (£5.6m) added to reserves.

The results do not include any contribution from Allnatt London Properties and Guildhall Property which were acquired after the year end.

Using the figures derived from the unaudited proforma balance sheet, the company calculates that combined net asset value per share following the completion of the merger is 188p (180p diluted).

Reported net equity assets per share at December 31, 1983 amounted to 189p, against 190p a year earlier, or 179p (175p) fully diluted.

Gross book value of group investment properties and associates at December 31, 1983 amounted to £245.108 (£234,789). Earnings per 10p ordinary share were 15.5p.

On a current cost basis, the net profit was up 18 per cent at £111,000 (£94,000).

Mr E. S. Margulies, chairman of S. W. Berisford expressed "guarded optimism" for current year at the company's AGM.

Results to date "would suggest we are on course for a satisfactory year," he added.

## Gibbs &amp; Dandy down 20%

As forecast at mid way, the second half saw some improvement for Gibbs & Dandy, Bedfordshire-based builders.

On a current cost basis, the net profit was up 18 per cent at £111,000 (£94,000).

Mr E. S. Margulies, chairman of S. W. Berisford expressed "guarded optimism" for current year at the company's AGM.

Results to date "would suggest we are on course for a satisfactory year," he added.

50k  
58 = £1.1bn

A turnover exceeding £1.1 billion from 50,000 employees with a total head office staff of 58 people can only be achieved with experienced management and strong leadership working closely together.

This is BET's formula for concentrating on service industry growth sectors.

Probably Europe's largest diversified service company, BET continues to exploit its expertise worldwide.

**BET**  
PUTTING EXPERIENCE  
TO GOOD SERVICE

Please write to Neil Ryder, BET PLC, Stratton House, Piccadilly, London W1X 6AS.

## Rotork exceeds expectations

TAXABLE PROFITS of £3.72m, against £4.14m, for 1983 exceeded expectations at Rotork, manufacturer of valve control equipment, marine craft and machine tools.

But looking ahead the directors say: "We enter the current year with guarded optimism, feeling that the worst effects of the recession are behind us, though we are not looking for any dramatic upswing in the current year."

Turnover for the year rose marginally to £25.74m compared with £25.46m.

The year's dividend total is lifted to 3.85p (3.5p) by a final payment of 2.1p (2.15p). Earnings per share fell to 8.4p (11.9p).

The directors point out that although 1983 was not a easy one for the valve actuator market, the company did not experience a marked downturn. Indeed, they add, a modest pickup in the final quarter enabled turnover and profit for the year to get back within 5 per cent of the previous year's record levels.

Rotork's business had particularly strong inputs from the UK, Far East, Pacific Basin and Australia. Business remained

weak in Europe and was particularly tough in the U.S. Two additions to the product range were introduced in 1983 and received a positive reaction.

In the smaller divisions, Ludlam Syco increased sales by 40 per cent to more than £3m. The manufacturing plant in Devizes had its best ever year, and should be capable of significantly increasing market share in 1984.

The American subsidiary, Evans, ended the year with encouraging results, profiting from a more buoyant U.S.

economy. July the company purchased Pecu-Hydraulics, and the directors are pleased with the way it has integrated into the Group. They feel its ideas for expanding its product range, coupled with Rotork's marketing strength, should prove to be an "exciting combination."

Net profits emerged at £1.74m (£2.4m) after a higher tax charge of £1.07m (£1.74m). Extraordinary items, being business sale, rationalisation costs and deferred tax charge, took £765,000 this time.

## Forward Technology recovers

After two years of losses, Forward Technology Industries, electronics and specialised machinery manufacturer, has staged a recovery in 1983. Pre-tax profit is £805,000, compared with a loss of £397,000, after £111,000 profit (£183,000 loss) in the first half.

The result was assisted by a substantial reduction in interest charges, from £1.7m to £945,000. Turnover was down, at £22.15m

against £44,02m, reflecting the sale in 1982 of the companies plastics and graphic arts subsidiaries.

Despite the return to profitability, the board has decided, because of "still excessive borrowings," not to recommend a dividend, for the second consecutive year. The position will be reviewed in the 1984 interim, they state.

Against £44,02m, reflecting the sale in 1982 of the companies plastics and graphic arts subsidiaries.

Despite the return to profitability, the board has decided, because of "still excessive borrowings," not to recommend a dividend, for the second consecutive year. The position will be reviewed in the 1984 interim, they state.

Against £44,02m, reflecting the sale in 1982 of the companies plastics and graphic arts subsidiaries.

Despite the return to profitability, the board has decided, because of "still excessive borrowings," not to recommend a dividend, for the second consecutive year. The position will be reviewed in the 1984 interim, they state.

Against £44,02m, reflecting the sale in 1982 of the companies plastics and graphic arts subsidiaries.

# Prudential Corporation

## Group Results 1983

Profits attributable to shareholders in 1983 rose by 19% to £66.0m. The principal source of the increase was our long-term business, both in the UK and overseas. Our short-term general insurance results continue to reflect the difficult business conditions which have existed for some years.

There was a substantial increase in the market value of the investments held in our general insurance and shareholders' funds, adding to the considerable financial strength of the Group.

In view of the progress of the long-term business and the fundamental financial strength of the Group, the directors have declared a final dividend of 13.5p per share, making a total for the year of 19.0p, up from 15.0p in 1982.

	1983 £m	1982 £m
<b>Long-term Business:</b>		
Premium income	1,542.8	1,380.1
Surplus attributable to policyholders	694.5	587.5
Surplus attributable to shareholders	59.0	50.4
<b>General Insurance:</b>		
Premiums written	690.3	606.5
Underwriting result	(80.1)	(67.6)
Investment income	69.3	60.3
Trading profit (loss) before tax	(10.8)	(7.3)
Taxation credit (charge)	7.0	3.6
Profit (loss) after tax	(3.8)	(3.7)
<b>Shareholders' Other Income:</b>		
Investment income	20.7	17.6
Miscellaneous net income	0.8	0.3
Expenses	(2.1)	(1.8)
Taxation credit (charge)	(8.0)	(7.1)
Other income after tax	11.4	9.0
<b>Summary of Results:</b>		
Long-term business	59.0	50.4
General insurance	(3.8)	(3.7)
Shareholders' other income	11.4	9.0
Minority interest	(0.6)	(0.1)
Profit attributable to shareholders	66.0	55.6
<b>Earnings per Share</b>	<b>22.1p</b>	<b>18.6p</b>
<b>Dividend per Share</b>	<b>19.0p</b>	<b>15.0p</b>

Note: The abridged income statement for 1983 is an extract from the latest accounts. These accounts have not yet been delivered to the Registrar of Companies, nor have the auditors reported on them.

## Long-Term Business

Profits after tax from our life and long-term accident and disability business rose by 17% to £59.0m. Premiums increased by 12% to £1,543m.

Life business premium income growth was particularly strong for UK individual ordinary business (up 26%) and at Mercantile & General (up 41%).

## Higher Bonuses

We have made material improvements in bonus additions to UK with-profits assurance policies of Prudential Assurance, and the total value of the bonuses declared

world-wide rose by 18% to £694.5m. The basis of reversionary bonuses for UK individual business has been changed from simple to compound.

## General Insurance Business

The general insurance trading loss after tax was almost unchanged at £3.8m, although the loss before tax increased to

£10.8m. Total premiums written rose by 14% in sterling terms to £690.3m, the underlying growth rate being 10%.

	Premiums written	Underwriting result	Investment income	Trading profit (loss) before tax
	1983 £m	1982 £m	1983 £m	1982 £m
United Kingdom	240.7	216.5	(25.6)	(20.0)
Canada	92.1	83.5	4.4	2.6
EEC	42.2	42.2	(4.2)	(6.1)
Other Countries	17.6	15.4	(2.3)	(1.9)
London Market-Overseas	33.2	30.3	(5.8)	(7.3)
Marine and Aviation	20.9	14.9	(3.5)	(3.0)
Mercantile & General	243.6	203.7	(43.1)	(31.9)
	690.3	606.5	(80.1)	(67.6)

In the United Kingdom the trading loss of £2.1m before tax has been arrived at after charging exceptional reorganisation costs of £2.9m and associated computer

development costs of a similar amount. The reduction in motor premium rates in February had the intended effect of increasing the number of policies in force.

In Canada there was a higher trading profit before tax of £12.4m on premium income which in Canadian dollar terms was little

changed. The already keen competition intensified in the second half of the year.

## Mercantile &amp; General

Against a background of continuing very difficult conditions for general reinsurance business, Mercantile & General's trading loss before tax rose to £18.9m, due largely to deterioration in the marine and aviation accounts and overseas subsidiaries' results. However, the climate in reinsurance

markets is beginning to improve and in the cycle of treaty renewals for 1984 we took the opportunity to improve the quality of our portfolio of business. Although reinsurers are still faced with substantial problems, an expectation of a recovery in our underwriting results would now be justified.

## Capital Resources

Increases in the market values of the investments held in the general insurance and shareholders' funds added nearly £100m to the Group's capital resources.

Including retained profits these amounted to £460m, equivalent to 66% of our total general insurance premium income (59% in 1982).

Copies of the Report and Accounts will be available on 2 May 1984  
Prudential Corporation plc, 142 Holborn Bars, London EC1N 2NH



**PRUDENTIAL CORPORATION**



## UK COMPANY NEWS

## R. Cartwright record but outlook unclear

RECORD SALES and profits were achieved by R. Cartwright (Holdings) in 1983, but the directors warn that the outlook for this year is by "no means" clear.

Reflecting tight cost control and marketing action, the group pushed taxable profits up from £801,000 to £1,622,000 on sales some £2.18m higher at £12.92m.

But the current year has seen a fall in demand for the company's hardware products, though the directors point out this can change very quickly in the present climate and the rest of the group continues in "buoyant form."

The group is principally engaged in the manufacture of door and window furniture.

Taxable profits were struck after operating costs of £2,52m (£2.19m) and lower interest payable of £73,000 (£115,000).

A final dividend of 4.35p (13.75p) lifts the total payout to 5.75p (4.82p) on the enlarged share capital—a final of not less than 3.75p was forecast.

Earnings per share were shown at 15.28p (9.44p adjusted) after tax of £729,000 (£357,000).

## Yearlings total £16.5m

Yearling bonds totalling £16.45m at 9½ per cent redeemable on April 3 1985 have been issued this week by the following local authorities:

Bratney District Council £0.5m; Cherwell DC £0.5m; East Hampshire DC £0.5m; Middlesbrough DC £0.5m; Rotherham Metropolitan Borough £0.5m; Telford DC £0.25m; Cleveland County Council £1m; Hambleton DC £0.25m; Macclesfield DC £0.4m; Mansfield DC £0.5m; Motherwell DC £2m;

Relgate and Banstead (Borough) £0.5m; Rochdale Metropolitan Borough Council £1.5m; South Oxfordshire DC £0.5m; Chorley BC £0.25m; Lambeth (London Borough) £1m; Salford City £0.5m; Hillingdon (London Borough) £1m; Hounslow (London Borough) £0.5m; Westminster (City of) £1m; Merseyside CC £1m; Tynbridge Wells BC £0.25m; Wimborne DC £0.25m; Chester-Le-Street DC £0.25m; Eastbourne BC £0.25m; Renfrew DC £1m.

## Marginal increase at Ferry Pickering

Increased pre-tax profits of £751,000 against £740,000 are reported by Ferry Pickering Group, the Hinckley based publisher, packager and tool-maker, for the first half of 1983.

Turnover was £5.15m (£4.7m), tax took £375,000 (£384,000) and there was an attributable profit of £374,500 (£355,000).

An interim dividend of 1p (0.91p) is declared. Earnings per share are shown as 3.46p (3.30p, adjusted).

Directors report orders are firm and improving.

## M &amp; S Canada

Mark & Spencer Canada, 58 per cent owned by the UK group, lifted net profits in the year to January 31 1984 from £37,500 (£42,000), representing £1.49 (96 cents) per share, before extraordinary items. Sales were up by \$25m to \$276m.

The company has declared a dividend of 20 cents (10 cents) plus an extra 15 cents (10 cents). It plans to split its stock two for one.

## Seagram Distillers buys into UK off-licence trade

BY LISA WOOD

Seagram Distillers, a major wine and spirits group, is to make its first venture into the British off-licence trade with the purchase of a 75 per cent interest in Oddbins UK.

The deal worth about £3.8m is expected to take place in mid-April.

Oddbins, which has 57 shops in the UK and three in France with a combined turnover of £31.5m, will continue trading as a separate company and retain its independent identity.

Started in 1967 the chain was bought out of receivership in 1973 by Wine Warehouses Europe. The owners of that company, Mr Nicholas Balle and Mr Dennis Ing will retain a 25 per cent share in Oddbins.

Mr Balle, who will continue as executive chairman and managing director, said the deal would allow the company to expand its numbers of stores. Oddbins has one of the highest percentages in turnover of wine, the major growth area in British drinks retailing.

Seagram Distillers is the holding company for Seagram UK,

the British marketing arm of the giant Canadian-based Seagram group, the world's largest distiller.

In Britain the company, with a turnover of more than £80m, owns nine distilleries. Brands include Chivas Regal, Glen Grant and The Glenlivet. It also imports, through Seagram International, a large portfolio of its brands such as rum from the Caribbean, Paul Masson wine from California, wines from Italy and France, and Sandman port and sherry.

Mr Ivan Straker, chairman of Seagram Distillers, said: "We have felt a need for some time to go into the retail end of our trade. Oddbins has a high profile and offers a number of advantages."

"It will help increase distribution of our brands and expand our trade generally. We are fortunate in owning a great deal of the manufacturing end—such as vineyards in California. This will mean we can take our brands from womb to tomb."

"We also believe the off-licences will be an excellent platform to launch new products such as our Captain Morgan's Spiced Rum and Myer's Rum Cream. Bailey's Bristol Cream and Malibu were for example launched by International Distillers and Vintners through Grand Metropolitan's Peter Dominic chain."

Seagram has been more successful in promoting its products in the off-licence trade than in pubs and the company hopes that the new acquisition will help to win more pub trade through greater public awareness of brands.

During the last year, major brewers confronted by declining sales of drink in pubs and continuing intense competition from supermarkets have been expanding their off-licence chains. Bass, for example, paid £8.8m for the Augustus Barnett chain of wine and spirits shops. Whitbread in January paid £18m for a package of companies from Leamington including T. F. Ashe and Nephew, a chain of 335 off-licences based in the North and Midlands.

They point out that for the present the U.S. dollar has taken over gold's traditional role as a barometer of political tensions. Apart from the fall in industrial demand for the metal, other factors in its price weakness they say have been the success of inflation-curing policies at a time of recession and the high interest rates which have buttressed the dollar.

The picture now appears to be changing. The dollar remains strong but with increasing concern about the U.S. budget deficit the chairman feels that some downward movement in the dollar appears likely. They add: "As investors diversify their investments to currencies other than the dollar there may be a spill-over into gold."

They also feel that gold will gain whether the U.S. economic recovery is maintained or whether it falters. If it is sustained and inflation is kept in check the prospect of a strong demand for gold to grow.

On the other hand, "if the recovery falters, the rate of inflation may increase, which could again positively influence the gold market." For good

## Mine chairmen see a more favourable outlook for gold

BY KENNETH MARSTON, MINING EDITOR

"THE outlook for gold is more positive now than it has been in the past 12 months," according to Mr Peter Cosh and Mr Rawdon Lawrie in the annual reports of the Transvaal gold mines in the Anglo American Corporation of South Africa group.

They point out that for the present the U.S. dollar has taken over gold's traditional role as a barometer of political tensions. Apart from the fall in industrial demand for the metal, other factors in its price weakness they say have been the success of inflation-curing policies at a time of recession and the high interest rates which have buttressed the dollar.

The picture now appears to be changing. The dollar remains strong but with increasing concern about the U.S. budget deficit the chairman feels that some downward movement in the dollar appears likely. They add: "As investors diversify their investments to currencies other than the dollar there may be a spill-over into gold."

They also feel that gold will gain whether the U.S. economic recovery is maintained or whether it falters. If it is sustained and inflation is kept in check the prospect of a strong demand for gold to grow.

On the other hand, "if the recovery falters, the rate of inflation may increase, which could again positively influence the gold market." For good

measure they add that the gold market could be favourably affected by the debt problems of the Third World and by political problems "which plague various regions throughout the world."

On the subject of mine costs the chairman say that last year's 16.7 per cent increase in South Africa's general sales tax will have a "considerable" adverse effect, especially at the present time of high-capital spending. They thus call for the South African Government to give serious consideration to reducing the 15 per cent surcharge on gold mines' income tax.

The statements were written before yesterday's South African Budget which, instead of reducing the surcharge, has increased it to 20 per cent. This will lower gold mine earnings by up to about 6 per cent in the cases of the more prosperous, low-cost operations.

On the other hand, struggling marginal gold mines such as East Rand Proprietary may take heart from the accompanying news that the demise of the state assistance scheme is to be postponed following appeals by the industry.

Previously, it has been decided to give six months' notice of the ending of the scheme. Now a working committee will be given more time to study the mechanics of running down the scheme so that it may be replaced by a practicable and cheaper alternative.

## Bougainville studying hydro-electric scheme

THIS Rio Tinto-Zinc group's Bougainville copper and gold producer in Papua New Guinea is contributing to a six-month pre-feasibility study for a local hydro-electric scheme with a peak capacity of about 80 megawatts, it is stated in the annual report.

All the power would be taken by Bougainville which at present is entirely dependent on imported fuel for running its big 155-tonne haul trucks and generating electricity to run mine and mill equipment. A successful hydro scheme could reduce power costs in the longer term.

While most other copper producers were running at a loss last year, Bougainville managed to increase earnings—as did the group's Palabora mine in South

Africa—and reduced its borrowings to K57m (£46.4m) from K122m at the end of 1982. It also raised cash balances by K27.1m to K56.4m.

This impressive performance was helped by the recovery in metal prices seen during the first half of the year and also by increased production as a result of the commissioning of the 11th and 12th mill in 1982.

Because of the continuing depletion in the already low grade of its ore Bougainville has constantly to battle with costs and to increase production where possible.

As already reported, a 13th mill is planned but because of the surrounding terrain it will be difficult to increase the number of mills to more than 15.

## COMPANY NEWS IN BRIEF

Jamesons Chocolates finished the 1983 year with pre-tax profits down from £700,000 to £553,000 after showing a £186,000 advance midyear to £321,000. The dividend total is held at 5p.

Turnover for the year totalled £8.78m (£7.54m), tax took £240,000 (£327,000) and extraordinary items added £264,000 (£11), being a deferred tax credit. Earnings amounted to 12p (14.4p) per 10p share.

Depressed by losses from computer and allied keyboard training operations, Park Place Investments suffered a fall in interim taxable profits from £330,000 to £182,000.

All other divisions performed well and group turnover expanded from £3.63m to £6.2m for the six months to end-December 1983.

The interim dividend is effectively raised from 1.66p to 1.75p. Earnings per share fell to 1.5p (4.2p).

Attributable profits of Ben Bailey Construction jumped from £75,000 to £202,000 in the six months to December 31 1983, after tax of £49,000 compared with £19,000, and the net interim dividend is doubled from 0.5p to 0.8p.

The directors say results reflect reasonable trading conditions and the full year's dividend forecast is "good". For 1983-84 a total 1.2p was paid from attributable profits of £231,000.

Turnover for the half year was £3.33m (£3.03m) and earnings per 10p share are given in 3.86p (1.44p).

Veolia Stone Group, Isle of Wight holding company for construction, oil distribution, toiletries and leisure interests, has reported taxable profits of £1.03m for the 15 months to December 31 1983 against £976,000 for the year to September 30 1982.

Taxation was £431,000 (£262,000) and after an extraordinary debit of £39,000 to cover compensation payments for loss of office and reorganisation expenses the attributable profit was £335,000 (£314,000). Earnings per share were 3.85p (2.36p) and a final dividend of 0.5p makes 2.5p for the 15 months (1.8p for the year).

For the six months ended December 31 1983, Blue Bird Confectionery Holdings increased its pre-tax profits from £106,142 to £115,103 and is lifting the net interim dividend by 0.7p to 1.52p per 25p share.

Turnover rose to £4.83m (£4.72m) and in the second half

these, both in the home and export markets, are expected to rise further resulting in "reasonably satisfactory" results though margins will continue to be under pressure.

First half earnings amounted to 2.43p (0.19p) per share.

Electra Investment Trust has invested £360,000 in Stockshoe, a newly formed company, currently being renamed Corgi Toys. Stockshoe has purchased assets, including factory premises, from the receivers of Mettoy Company for £1.2m.

Corgi has an issued share capital of £1m. Other than Electra, which has invested £360,000 by way of cumulative convertible preference shares, shareholders of Corgi Toys comprise several of the management team engaged in the Corgi Toys operation prior to the liquidation of Mettoy.

Airship Industries rights issue of 12.57m shares was taken up as to 4,835,195 units (38.47 per cent). The balance will be taken up by Bond Corporation Holdings, the underwriters, at 56p per unit. Bond will then hold 30.77 per cent of the voting capital.

Rohan Group, Industrial

estate developer, property investor and building contractor suffered a fall in 1983 pre-tax profits from £13.41m (£2.77m) to £2.38m.

Turnover for the 12 months was £26.94m compared with £25.14m.

An unchanged final dividend of 5.5p holds the total payout at 12.75p per 10p share. Earnings per share fell from 34.46p to 24.38p after a tax charge of £391,000 (£356,000).

Net assets per share as at the year-end were 261p (252p).

West Bromwich Spring, manufacturer of springs and pressings, is passing its half-yearly dividend on the 11½ per cent preference shares due on March 31. The last ordinary dividend was paid in 1980. For 1982 the company reported a loss of £214,000.

Pre-tax profits at Whittington International Holdings, property investor rose from £276,000 to £240,000 in 1983.

Gross profits increased to £1.3m (£376,000) on turnover of £2.4m (£392,000). Operating expenses took £194,000 (£116,000) and interest charges £371,000 (£83,000). Tax was £39,000 (£82,000).

The dividend is being lifted from 0.975p to 0.5p net on the enlarged capital. Earnings per 5p share were 1.64p (1.17p).

This, however, was an improvement on the loss of £279,743 for the comparable period, and the chairman states that there has been an upturn in orders and efficiency which should give a better result in the current period.

Turnover dropped again, from £1.3m to £1.25m, and the company paid no tax. There will be no ordinary or preference dividend.

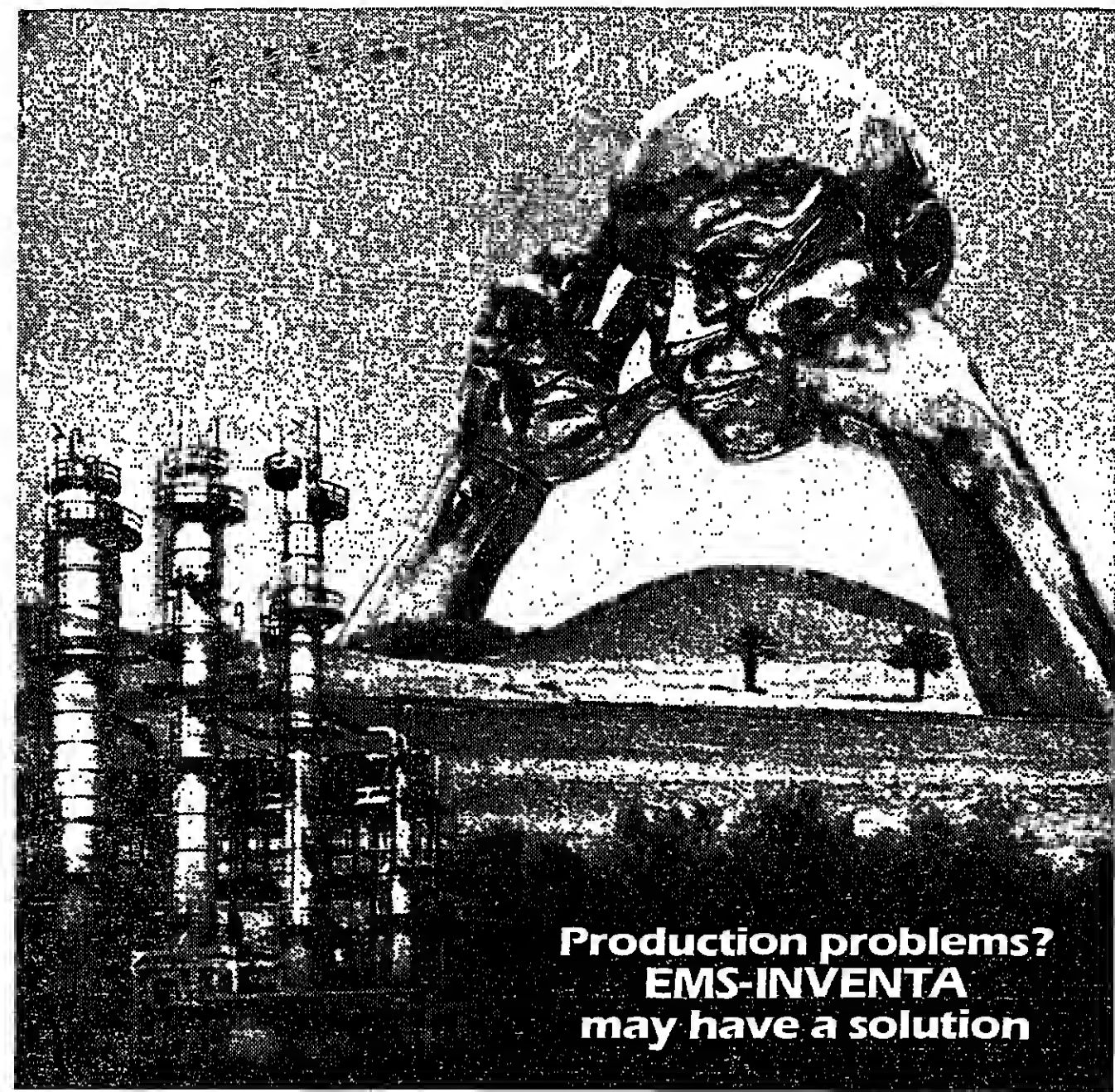
West Bromwich Spring, manufacturer of springs and pressings, is passing its half-yearly dividend on the 11½ per cent preference shares due on March 31. The last ordinary dividend was paid in 1980. For 1982 the company reported a loss of £214,000.

Pre-tax profits at Whittington International Holdings, property investor rose from £276,000 to £240,000 in 1983.

Gross profits increased to £1.3m (£376,000) on turnover of £2.4m (£392,000). Operating expenses took £194,000 (£116,000) and interest charges £371,000 (£83,000). Tax was £39,000 (£82,000).

The dividend is being lifted from 0.975p to 0.5p net on the enlarged capital. Earnings per 5p share were 1.64p (1.17p).

For the fourth consecutive year Cockeage Holdings, structural and mechanical engineer, is in the red at mid-way, with figures for the period ended September 30 1983 showing a loss before tax of £152,200.



▲ I20.214 "Egg-Heads", sculpture by Hans Jörg Umbach, Hornbrettl, Switzerland

EMS has been producing synthetics for over 30 years. Using its own processes, it has developed products, production techniques and designed plants therefore. EMS enjoys a worldwide reputation as a specialist in polyamides and polyesters.

EMS also produces synthetic fibres of high quality. It works intensively on product development on the basis of its experience, research and innovative ability.

EMS builds and operates plants designed to supply clean energy from renewable raw materials. Energy in the form of gas, liquid fuels, electric power.

EMS has at its disposal an experienced team of engineers, technicians, planners and financial experts. This team possesses specialized know-how in manufacturing processes, in the construction and operation of production plants and in finance questions. Know-how gathered on the five continents of the world.

So if you're thinking of setting up production facilities somewhere—anywhere in the world in fact—or if you plan to build an industrial plant or to produce clean energy—or if you are simply interested in running one more profitably—then talk to us. We are a Swiss organisation strongly

established on all five continents. You can have complete confidence in EMS. EMS stands for quality and reliability, for know-how and customer service. Ask for our literature.

**EMS**

EMS-INVENTA AG, CH-7013 Domat/Em, Switzerland, Tel. 081 36 0111, Telex 74 378

## Dunlop Olympic Limited

Dunlop Olympic Limited is a major Australian-owned manufacturing and marketing group with a strong record of growth in domestic and international markets. This continued in the first six months of the current financial year.

	Six months to 31 December 1983	Change from Six months to 31 December 1982
Sales	\$A735.5 million (£470.7 million)	+6.3%
Profit Before Tax	\$A56.5 million (£36.2 million)	+39.7%
Profit After Tax and Minorities	\$A31.6 million (£20.2 million)	+37.3%

The Chairman, Sir Brian Massy-Greene, reports that all areas of the company are achieving higher returns on sales and that full year results will reflect the good performance obtained in the first half.

## The first half highlights are—

- Return on Shareholders Funds of 9.7%.
- Earnings per share before extraordinary items of 12.6 cents, up 41.6% on the previous corresponding period.
- Increased interim dividend from 4 to 5 cents (10%) per share.
- Reduced borrowings and interest expense.
- Continued emphasis on market and technological leadership.

Dunlop Olympic is already a world leader in household, surgical and examination gloves manufacture and automotive battery technology.

Dunlop Olympic activities cover power cables; clothing, footwear, textiles, sporting goods; electrical wholesaling; bedding, polyurethane, flexible foam, polystyrene rigid foam; conveyor belts, industrial hose, aviation supplies; household, surgical and examination gloves; tyre and battery manufacturing; hardware and tyre retailing. The group manufactures its products in Australia, New Zealand, Malaysia, Philippines and the United States and markets them in over 30 countries.

## DUNLOP OLYMPIC LIMITED.

Australian owned and managed. 500 Bourke Street, Melbourne 3000, Australia

WALL STREET  
Restr  
start  
set as  
TOKYO  
STOCK  
NEW YORK  
LONDON  
TOKYO  
AUSTRALIA  
AUSTRIA  
BELGIUM  
CANADA  
FRANCE  
GERMANY  
HONG KONG  
ITALY  
NETHERLANDS  
NORWAY  
SINGAPORE  
SOUTH AFRICA  
SPAIN  
SWEDEN  
SWITZERLAND  
WORLD  
GO  
London  
Frankfurt  
Zurich  
Paris (Rhone)  
Luxembourg (Rhone)  
New York  
Latest available



Floating rate notes remain out of favour, Page 48

# SECTION III - INTERNATIONAL MARKETS

## FINANCIAL TIMES

Thursday March 29 1984

NEW YORK STOCK EXCHANGE 38-40  
AMERICAN STOCK EXCHANGE 38-40  
U.S. OVER-THE-COUNTER 40, 48  
WORLD STOCK MARKETS 40  
LONDON STOCK EXCHANGE 41-43  
UNIT TRUSTS 44-45  
COMMODITIES 46, CURRENCIES 47  
INTERNATIONAL CAPITAL MARKETS 48

### WALL STREET

## Restraints start to be set aside

UNCERTAINTIES over Federal Reserve credit policies continued to hold the bond market on Wall Street in check yesterday but proved no restraint to the revived confidence of the stock market, writes Terry Byland in New York.

Turnover in leading stocks picked up after a dull start and there was selective buying by major institutions.

The final hour of trading brought a sudden drop in the Federal funds rate, which fell to 5 per cent at one time, sparking off gains of around half a point in the bond market as well as pushing stock prices further ahead. The fall in the funds rate was ascribed to technical factors, including yesterday's bank settlement operations and the approach of the April 1 tax settlement date.

Mr David Jones of Aubrey Langston commented that the recent switch to contemporaneous reserve accounting of bank reserves had increased volatility in Federal funds at the close of each two-week period. He added that the Fed has been obliged to drain reserves after a sharp drop in its treasury balances, which have increased reserve available to the banking system.

The Dow Jones industrial average ended with a net gain of 20.31 points at 1174.62, on turnover of 105.3m shares, the highest for more than a week.

The improvement ranged over most sectors of the market, with the market leaders recording gains of \$1 or so.

The market was helped at the opening by a further dip in the keenly watched federal funds rate which traded down to 9 1/2 per cent from an opening of 9 3/4 per cent. The Fed again drained reserves by means of overnight matched sales, which was regarded as an indication that the Fed did not want the funds rate then at 9 1/2 per cent - to slip any further during a week busy with auctions of Treasury securities. However, market fears of an imminent rise in the Fed's discount rate appeared to have abated somewhat.

But the stock market took the view that the continued strength of the economy ensures a bright outlook for corporate profits despite the strength of interest rates.

Among the brightest spots in the stock market was IBM, \$1 higher at \$114 1/4. AT&T was subdued at \$15 1/4, just 5 1/2 higher as investors assessed the changes for the group's move into computers. Digital Equipment, considered vulnerable to the new competition, slipped a further 5 1/2 to \$90 1/4.

Other computer and high technology issues made a good showing. Features included NCR, up \$2 1/4 at \$112 and Texas Instruments, up \$1 1/4 at \$139 1/4.

But the weak spot on the computer sector was Amdahl, traded on the American Stock Exchange. It dipped by \$2 1/4 to \$14 1/4 after the board warned of lower profits in the first quarter of this year.

Investment press comment on the signs of recovery in capital goods issues brought in buyers for Caterpillar Tractor which gained \$1 1/4 to \$51 1/4.

Among the motor issues, American Motors traded actively around the \$5 1/4 level after the start of a 12m share offer at \$5 1/4. General Motors, at \$6 3/4, gained \$ 1/4.

In steels, LTV edged forward \$ 1/4 to \$17 1/4. The speculative oil stocks came back into favour. Schlumberger, \$ 1/4 higher at \$54 1/4 attracted buyers again. Superior Oil at \$40 1/4 and Gulf at \$77 were both a shade better as their respective bid situations moved nearer to culmination.

Adverse comment on Mitel's competitive position in the telephone market took \$1 off at \$8, and among the consumer issues Avon Products dipped \$1 1/4 to \$21 1/4 after announcing the \$238m takeover of Foster Medical.

Monsanto at \$91 1/4 gained \$ 1/4 and among the drug companies, Merck put on \$ 1/4 to \$83 and Abbott Laboratories at \$39 1/4 was \$ 1/4 better.

The heavy industrial stocks were slower to follow the lead from the technology sector but General Electric at \$53 1/4 gained \$ 1/4.

Consumer issues led by Sears, \$ 1/4 up at \$32 1/4 - continued to benefit from the strength of retail sales and consumer credit.

With the federal funds rate continuing to slide, and touching 8 1/2 per cent by midsession, bond prices began to edge higher. But trading was restrained as the credit market continued trying to guess the policies of the Fed.

Ahead of the day's auction of \$5.25bn in seven-year notes, the existing comparable issue added 1/2 to 97 1/2. The key 2013 long bond at 96 1/2 was 1/2 up and yielding about 12.42 per cent.

Treasury bills were very quiet, with the three-month discounted at 97.2 per cent, down four basis points, and the six-month at 98.0 per cent, down seven basis points.

### TOKYO

## The third biggest surge ever

VERY ACTIVE trading in Tokyo yesterday took stock prices up sharply almost across the board, with the Nikkei-Dow market average surging to yet another new high, writes Shigeo Nishiwaki of Jiji Press.

Hopes for a further market rise ahead prompted both individual investors and corporations to buy particularly into financial and heavy electrical stocks.

Of the companies closing their books at the end of March, 617 moved ex-dividend and 78 of them ex-rights.

Despite the resultant downward revision of the Nikkei-Dow average by 39.89 points, the closely followed indicator of 225 select issues jumped 172.51 to 10,700.87, surpassing the previous record of 10,528.38 set on Monday. The increase was the third biggest on record.

Trading volume expanded substantially from Monday's 554.46m shares to 931.15m - second only to some 950m shares traded on January 7, 1983. Gains outnumbered losses by 409 to 275, with 114 issues unchanged.

Securities companies, about to enter the second half of their business year, stepped up their buying, while many investors moved into the market encouraged by a steady recovery of corporate earnings against the background of economic recovery.

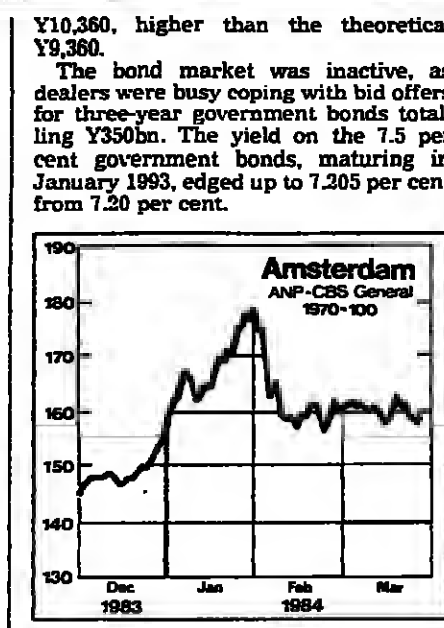
Financial stocks such as banks and the securities houses themselves were traded actively. Notably, non-life insurers showed a strong performance. Sumitomo Marine and Fire Insurance jumped Y84 to Y534 and Tokio Marine and Fire Y35 to Y670.

City banks were also in the spotlight, with Sumitomo adding Y40 to Y1,140. Mitsubishi, Fuji and Sanwa topped Y1,000 for the first time. Nomura and Daiwa Securities scored respective gains of Y66 to Y650 and Y64 to Y565.

Hitachi, which spurred the previous day, continued to attract buying interest to close at Y921, up Y18. Toshiba, Matsushita Electric Industrial and Sony were firm.

Buy orders also swelled for medium-priced blue chips, including Sumitomo Electric Industrial and Kirin Brewery.

Kyocera, which carried out a three-for-two stock split, moved to Y7,200, well above the theoretical Y6,500 computed in consideration of the ex-rights position. Fanuc was traded ex-rights and rose to



### EUROPE

## A modest resumption in demand

FIRST SIGNS of a correction of the recent downward drift began to emerge on the European bourses yesterday as modest price improvements in some centres were accompanied by a slight but discernible pick-up in trading activity.

The clearest break from a string of dull sessions was made in Amsterdam. The view appeared to be developing that although the current round of sparkling corporate results had in almost every case been generously discounted in advance, it was time for the market as a whole to put Wall Street's woes aside and draw sustenance from the buoyant performance by Dutch industry and commerce.

Domestic and foreign institutions were said to be back in the market, helping to take the ANP-CBS general index 1.5 higher to 159.1. With banks and insurers making much of the running, though, the industrial index put on just 0.2 at 127.3.

Ned Mid led the banks F1 3.20 up at F1 160, while Amv - F1 1 lower at the opening - finished F1 2.90 ahead at F1 152.90.

The industrial side was by no means all flat, however. Philips jumped F1 1.40 to F1 48.30 amid its release of profit projections. Dealers reported West German interest in the stock.

Publisher Elsevier remained in demand as analysts assessed its prospects for the year - some foreseeing a 25 per cent increase but cautioning that this might already be reflected in the price, at F1 528 yesterday after a rise of F1 8.

Foreign buyers were also drawn to Dutch domestic bonds, with government issues up as much as 30 basis points.

A more subdued Frankfurt had no time to react to figures from Commerzbank, which slipped DM 1.50 to DM 178.50. Deutsche Bank shed another DM 2 at DM 377 prompted by the weight of paper it is about to unleash.

Deutsche Babcock slid DM 5.10 to DM 160.90 on disappointment at its trading performance.

Bond trading stagnated and the Bundesbank was able to sell only DM 2.4m in paper.

Tuesday's Brussels advance, on the back of lower interest rates and hopes of success for the government austerity proposals, was sustained, but not much extended. Gevaert was one of the few to show a prominent rise, up BFr 50 at BFr 3.250.

Société Générale dipped BFr 15 to BFr 1,785 after news of its maintained dividend. Ebes meanwhile added BFr 25 to reach BFr 2,500 for a two-day gain of BFr 80.

Paris remained quiet but managed a 55 to 49 ratio of gains to declines. Among the best of the former was Bio. FFr 17 ahead at FFr 425, while Thomson-SCT was one of those to fall, down FFr 6 at FFr 303.

The revival in Stockholm buying activity continued apace, though, with liquidity among institutions there said still to be high. An easing in local interest rates helped sentiment, too.

Volvo remained in demand, adding SKr 4 to SKr 479, while Eselle put on a further SKr 8 to SKr 365 on its profits and dividend boost.

SE-Banken moved from SKr 357 to SKr 345 ex its SKr 13 dividend.

A steady Zurich result, favouring no one particular sector, showed Schindler SwFr 15 up at SwFr 2,940 on its expectations of slightly improved profits. Interest rate uncertainties kept many investors away from the market, however, in bonds as well as equities.

The reason for a sidelining of many in Milan was the persistent concern over the ruling coalition's ability to secure the limits it is seeking to the scolo mobile wage indexation system. Brokers said this was eclipsing a healthy round of dividends in recent weeks.

Centrale added L15 to L1,771 and was quoted as high as L1,610 in otherwise moribund after-bourse dealings. Finisler, by contrast, slid L3.4 to L36.8 in response to a wider loss by its Italsider arm.

# KEY MARKET MONITORS

**Tokyo New Stock Exchange**  
Jan 4, 1968=100

**Dow Jones Industrial Average**

**FT-Industrial Ordinary Index (30 Shares)**

## STOCK MARKET INDICES

	March 28	Previous	Year ago
<b>NEW YORK</b>			
DJ Industrials	1174.62	1154.31	1133.32
DJ Transport	508.33	499.07	511.99
DJ Utilities	128.32	127.46	125.69
S&P Composite	158.88	157.3	151.85
<b>LONDON</b>			
FT Ind Ord	875.2	875.0	851.0
FT-SE 100	1103.5	1101.9	881.3
FT-A All-share	521.14	521.4	407.94
FT-A 500	564.72	565.68	439.96
FT Gold mines	628.8	644.2	548.1
FT-A Long gilt	10.05	10.06	10.92

<b>TOKYO</b>			
Nikkei-Dow	10,700.87	10,528.38	8387.91
Tokyo SE	643.73	629.63	814.02

<b>AUSTRALIA</b>			
All Ord.	739.8	736.2	506.1
Metals & Mins.	518.1	518.2	459.4

<b>AUSTRIA</b>			
Credit Aktien	54.96	55.04	53.57

<b>BELGIUM</b>			
Belgian SE	146.40	146.32	116.70

<b>CANADA</b>			
Toronto Composite	2379.4	2360.3	2117.5

<b>FRANCE</b>			
Industrials	431.49	427.70	354.58
Combined	404.69	401.73	351.49

<b>DENMARK</b>			
Copenhagen SE	179.33	181.93	133.92

<b>GERMANY</b>			
CAC Gen	162.5	162.5	114.9
Ind. Tendence	104.3	104.0	73.1

<b>WEST GERMANY</b>			
FAZ-Aktien	348.53	348.63	300.04
Commerzbank	1023.4	1024.2	905.3

<b>HONG KONG</b>			
Hang Seng	1118.85	1131.25	875.90

<b>ITALY</b>			
Banca Com.	220.02	220.51	211.65

<b>NETHERLANDS</b>			
ANP-CBS Gen	159.1	157.6	125.8
ANP-CBS Ind	127.3	127.1	108.8

<b>NORWAY</b>			
Oslø SE	258.82	257.06	151.31

<b>SINGAPORE</b>			
Straits Times	980.12	998.51	837.15

<b>SOUTH AFRICA</b>			
Gold	961.8	1002.8	694.3
Industrials	1069.5	1015.1	827.9

<b>SPAIN</b>			
Madrid SE	118.96	118.78	112.25

<b>SWEDEN</b>			
J & P	1550.10	1548.21	1235.57

<b>SWITZERLAND</b>			
Swiss Bank Ind	366.4	366.0	311.6

<b>WORLD</b>			
Capital Int'l	186.1	185.3	165.7

## GOLD (per ounce)

	March 28	Prev
London	\$386.25	\$389.00
Frankfurt	\$386.25	\$388.75
Zurich	\$386.00	\$388.50
Paris (filing)	\$387.30	\$390.82
London (filing)	\$386.20	\$389.15
New York	\$386.10	\$387.30

## CURRENCIES

	U.S. DOLLAR	STERLING		
(London) March 28	Previous	March 28	Previous	
\$	2.2975	2.2978	1.447	1.456
DM	225.1	223.3	326.0	326.5
FFr	7.9826	7.9425	11.565	11.56
Sfr	2.159	2.141	3.125	3.12
Guilder	2.934	2.909	4.2475	4.2375
Lira	1619	1605.5	2341.5	2338.25
Bfr	53.29	52.78	77.0	76.85
C\$	1.27975	1.27825	1.8505	1.861

## INTEREST RATES

Euro-currency (3-month offered rate)	March 28	Prev
£	8	9
Sfr	3 1/2	3 1/2
DM	5 1/2	5 1/2
FFr	14 1/2	15 1/2
<b>FT London Interbank fixing (offered rate)</b>		
3-month U.S.	10 1/4	10 1/4
6-month U.S.	11 1/4	10 1/4
U.S. Fed Funds	8	8 1/4
U.S. 3-month CDs	10.30	10.20
U.S. 3-month T-bills	6.71	9.78

## U.S. BONDS

Treasury	March 27	Price	Yield	Prev	Price	Yield
11 1/2 1986	100 1/2	11.46	99 1/2	11.51		
11 1/2 1991	97 1/2	12.36	97 1/2	12.38		
11 1/2 1993	96 1/2	12.42	96 1/2	12.43		
12 2013	96 1/2	12.45	96 1/2	12.48		
<b>Corporate</b>						
March 28	Price <td>Yield<td>Price<td>Yield</td></td></td>	Yield <td>Price<td>Yield</td></td>	Price <td>Yield</td>	Yield		
AT & T	91	12.50	91	12.50		
10% June 1990	70 1/2	10.40	70 1/2	10.50		
8 1/2 May 2000	71 1/2	13.00	71 1/2	13.05		
Xerox	10 1/2	12.85	10 1/2	12.85		
Diamond Shamrock	87 1/2	13.05	87 1/2	13.05		
10% May 1993	87 1/2	13.05	87 1/2	13.05		
Federated Dept Stores	81 1/2	13.15	81 1/2	13.15		
10% May 2013	81 1/2	13.15	81 1/2	13.15		
Abbot Lab	90	13.50	90	13.50		
11 1/2 Feb 2013	90	13.50	90	13.50		
Alcoa	91	13.50	91	13.50		
12 1/2 Dec 2012	91	13.50	91	13.50		

## FINANCIAL FUTURES

CHICAGO	Limit	High	Low	Prev
<b>U.S. Treasury Bonds (CBT)</b>				
9% 32nds of 100%	66-24	56-25	66-06	64-28
<b>U.S. Treasury Bills (TMM)</b>				
\$1m points of 100%	90.05	90.06	89.93	89.94
<b>Certificates of Deposit (TMM)</b>				
\$1m points of 100%	89.22	89.24	89.14	89.15
<b>LONDON</b>				
<b>Three-month Eurodollar</b>				
\$1m points of 100%	89.05	89.09	89.04	89.13
<b>20-year National Gilt</b>				
£50,000 32nds of 100%	109-13	109-14	109-08	109-14

## COMMODITIES

(London)	March 28	Prev
Silver (spot fixing)	\$651.75p	\$655.85p
Copper (cash)	£1083.00	£1072.00
Coffee (March)	£2078.50	£2111.00
Oil (spot Arabian light)	\$28.45	\$28.35

\* Latest available figure

### LONDON

EQUITIES in London traded on an extremely sensitive note, with U.S. interest in key issues translating into broader market movements. The FT Industrial Ordinary index closed 0.2 up at 875.2, while the FT-SE 100 gained 1.7 to 1,103.6.

ICI came under renewed pressure and slipped 6p to 614p, while U.S. demand buoyed Boverat 26p to 820p in further response to the proposed demerger.

BAT Industries' preliminary figures were rewarded with a 6p rise to 217p. AB Electronic continued the rights issue season and closed 10p up at 495p.

Gilt remained a backwater and closed little changed.

Chief price changes, Page 40; Details, Page 41; Share information service, Pages 42-43.

### HONG KONG

CORPORATE news provided the backdrop to hectic Hong Kong trading which saw the Hang Seng index fall 12.40 to 1,118.85.

Jardine Matheson's decision to reincorporate with an ultimate holding company in Bermuda was revealed after trading, in conjunction with an 80 per cent drop in 1983 net profits. Jardine finished the day 30 cents off at HK\$12.60.

Hongkong Land, with a sharply higher loss also announced after the close, was 10 cents down at HK\$9.35.

### SINGAPORE

BLUE CHIPS were caught in the general malaise in Singapore, which forced the Straits Times index down 18.39 to 980.12, its largest movement of the year. Turnover, 10 per cent lower than the previous session, was the slowest this year.

Times Publishing shed 20 cents to S\$8.85; Fraser & Neave lost 10 cents to S\$6.15 and Sime Darby retreated 5 cents to S\$2.47. Banks were mixed to lower, while property, plantation and shipyard issues closed weaker.

### AUSTRALIA

THE TIMOR Sea oil exploration consortium, led by BHP, benefited from strong investor interest in resource issues in moderately active Sydney trading that pushed the All Ordinaries index ahead by 3.8 to 739.8.

BHP added 20 cents to A\$13.80 ex-rights while Ampol Exploration was 14 cents higher at A\$4.50 and Weeks Australia 3 cents firmer at A\$1.95. Overseas buying, notably from the U.S., was detected.

### SOUTH AFRICA

MOST SHARE sectors in Johannesburg made no drastic adjustments following the budget measures yesterday and stayed at or near the day's lows that had been triggered by the fall in the bullion price.

South African Breweries shed 15 cents to R7.50, partly in response to a budget increase in excise duty on beer.

### CANADA

OIL AND GAS issues were firm in Toronto, while base metal and mining shares moved marginally ahead. Gold-related stocks turned lower in the wake of the bullion price setback.

Industrials proved to be the only resilient spot in Montreal, which saw sharp losses in hanks, followed by an easier trend in utilities and papers.

## What merchant bank has over 60 points of contact throughout the Middle East?

Through our close association with the British Bank of the Middle East, which has over 50 branches throughout the region, Wardley Middle East can provide the full range of services you would expect of a leading merchant bank.

As part of Wardley Limited, a leading force in Asian corporate banking, and a wholly owned subsidiary of the Hongkong Bank Group, with assets in excess of US\$58 billion, we have the essential resources to back our customers.

And with over 90 years experience of finance in the Middle East to draw on, we know how to help them best in this area.

When you come to do business in the Middle East, contact us at our head office in Dubai, or through any of the branches of the British Bank of the Middle East.

**WARDLEY MIDDLE EAST LIMITED**  
DUBAI  
member: Hongkong Bank group

Head Office: P.O. Box 4604, Deira, Dubai, U.A.E.  
Telex: 45806 Wardub EM Telephone: 221126/7-8-9.



## NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

**Continued on Page 39**

Continued from



مكتبة الامم المتحدة

**Continued on Page 46**

## Continued from Page 38

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

**WORLD VALUE OF  
THE POUND**  
every Tuesday  
in the  
Financial Times



**MARKET**  
**Eq**  
Account F  
...ation

1

[illegible]

## EQUIPMENT

[illegible]

1	CAPITAL
2	Building
3	Contractors
4	Electrical
5	Electronic
6	Hardware
7	Mechanics
8	Motors
9	Other Industries
10	Gas/Service
11	Brewers
12	Food Service
13	Food Retail
14	Food Retail
15	Health Care
16	Leisure
17	Newspapers
18	Other Media
19	Stores
20	Textiles
21	Tobacco
22	Other Consumer
23	OTHER SERVICES
24	Chemical
25	Office Equip
26	Shipping
27	Software
28	INDUSTRIES
29	CRAC
30	SOB
31	FRANCIS
32	Bank (6)
33	Disco
34	Insurance
35	Insurance
36	Insurance
37	Insurance
38	Merchandise
39	Property
40	Other Firm
41	Investment
42	Printing
43	Overseas
44	ALL OTHERS

کدامین اوصاف







# Espley-Tyas

**FOR PROPERTY & CONSTRUCTION**

We cover the country  
London · Leeds · Birmingham

021-454 9881

## FT LONDON SHARE INFORMATION SERVICE

HOTELS—Continued

INDUSTRIALS (Miscel.)

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34

2900-34











**NOTE**



## COMMODITIES AND AGRICULTURE

## NZ butter likely to head farm talks casualty list

BY IVO DAWNAY IN BRUSSELS

AFTER THREE months of last-minute deals, New Zealand's crucial butter sales to the EEC now look set to be the first casualty of the continuing failure of the Ten's farm ministers to settle a comprehensive agricultural reform package.

British negotiators are certain to fight vigorously for another one month, 6,920 tonnes interim quota when ministers resume deliberations this week-end.

But all the signs are that if no final deal is reached, including a resolution to the near-intractable Irish demands for increases in milk production, New Zealand butter imports will be halted from Sunday.

Mr Michel Rocard, the French president of the farm council, came close to suggesting a kind of Boston Tea Party solution to the problem when questioned after Tuesday's barren farm talks.

"It would perhaps be cheaper and more convenient if we threw it into the sea," he said. "Our refrigerators are full."

But if New Zealand butter

can be solved by a hockdaded future deal other products are more likely to undermine the precarious farm reform package.

The Irish milk issue, though clearly the key obstacle to agreement, has overshadowed complaints from Britain, Italy and Greece which will either have to be resolved or put to majority votes.

The UK's greatest concern lies with its unique variable beef premium scheme, which pays producers the difference between market prices and the reference price fixed by the community.

The European Commission has proposed that the UK be brought into line with other member states and receive instead the normal intervention payments.

But this is fiercely resisted by a growing number of farmers and Conservative MPs who argue that such a change would cost the EEC substantially more than the current ECU 60m per annum paid to support the variable premium.

Ireland is the strongest

opponent of any compromise for the UK on the grounds that the present system boosts British exports while seducing Irish producers to sell over the border.

Italy, too, would use any UK exemption as grounds to support its argument for special treatment for veal calves and justification for a renegotiation of a 4.6m tonnes ceiling on guarantees for tomato producers.

Reopening the Italian tomato question would in turn strengthen Greek demands for higher ceilings on raisin and sukana production. Greece is also demanding improvements for its cotton industry.

If exceptions are made here, the French Presidency will come under strong pressure from its wine producers to restore private storage aids, and the whole debate could be carried into the future.

Mr Rocard knows that some concessions will have to be made if a deal is to be clinched. His unenviable task tomorrow is to try to link up the package without unwrapping it altogether.

## Broken Hill suspension boosts lead price

By John Edwards, Commodities Editor

OPERATIONS at the Broken Hill lead-zinc-silver mining complex in Australia have been suspended because of industrial action by workers making them uneconomic, Austral Development announced yesterday.

The news boosted lead and also helped limit the decline in zinc values on the London Metal Exchange yesterday, even though the company said that metal production would not be affected for some time as adequate stocks of concentrates were held by the smelters for refining.

Three months lead closed at \$338.26 a tonne, and rose to \$343 in late trading, also bolstered by the threatened strike of St Joe lead miners in Missouri.

Lead prices on the London Metal Exchange yesterday, even though the company said that metal production would not be affected for some time as adequate stocks of concentrates were held by the smelters for refining.

Three months zinc closed at \$710.75 a tonne, in spite of the Broken Hill stoppage and news that Electrolytic Zinc of Australasia has followed Noranda's example in lifting its European zinc production price by \$40 to \$1,090 a tonne.

Zinc came under selling pressure, and profit-taking, which depressed aluminium and copper prices. Three months aluminium sank below \$1,000, closing at \$949.25 a tonne.

Three months copper closed at \$242, and rose to \$247.75 a tonne.

Tin resisted the downward trend following sustained support buying on behalf of the International Tin Council buffer stock, particularly of spot supplies. Standard grade tin gained \$125.5 a tonne, while the three months quotation advanced by \$91 to \$3,654.5.

## Argentine beef sales ban angers farmers and shoppers alike

ARGENTINA'S Radical Government

could see a further drop in volume of around 25 per cent.

Between 1977 and 1983, the country's stock fell from 61m head of cattle to under 52m. While seven years ago there were two calves for every one inhabitant, there is now simply not enough meat to go round and to export.

The figures reflect the changing pattern of Argentine agriculture, as farmers have reacted to a mix of ever-changing political circumstances, fluctuating exchange rates and per-

sistently high inflation by getting rid of their heifers and investing in other more lucrative activities.

At the height of the former military Government's speculative boom (1978-80)—when an overvalued peso combined with high domestic interest rates attracted large sums of "hot" money—many farmers abandoned the countryside and tried their hand at finance.

Argentina has taken advantage of its developing trade relationship with the Soviet Union and has also opened up new markets in North Africa and the Middle East.

But meat exports have continued to lose their competitive edge because of EEC protectionism and stiff U.S. rules on health.

A foreign debt of \$43.6bn, the Government cannot easily allow its foreign trade in meat to lapse. In spite of the setbacks, meat exports last year were still the country's second major foreign exchange earner (after grains), with revenue of over \$473m.

At the same time, however, Argentina exported more beef than the rest of the world put together.

Today Argentina has fallen behind the EEC, Brazil, Australia and New Zealand as a major beef exporter.

The Falklands war, thus of Argentine beef exports has not longer to be seen in British supermarkets. Total Argentine beef exports have fallen by 40 per cent in the last 15 years. In 1983 beef exports were 408,000 tonnes compared to 522,000 tonnes in 1968, and this year

## Pigmeat market gains strength

By Our Commodities Staff

THE BRITISH pigmeat market continued to strengthen last week with the average all-pork price (AAPP), published by the Meat and Livestock Commission yesterday, reaching its highest ever level.

On the London pigmeat futures market, however, prices eased on news of the AAPP's 0.42p rise to 105.4p a kilo.

A dealer explained that the announcement tended to suggest that the 2p a kilo rise in nearby futures prices over the past week may have been somewhat overdone in comparison with the performance of the physical market.

Futures values steadied again towards the close of the day with only modest losses. The AAPP, however, assumes that farmers will take time to rebuild their stocks and that trade blocks such as the EEC will persist. He is thus equally in favour of trying to moderate the national diet by boosting production of meat.

Such schemes may however prove over-ambitious. Habits change with difficulty and the meat sector is deeply entrenched. Mr Roca, in the end, have to bend to some of the demands of the parties most affected by the current crisis, who have consistently refused to accept their share of the blame.

The farmers want a free market, lower taxation, and export incentives. The meat processors want a free market, but insist on rationalisation of supply and control prices. The butchers want a reduction in the price of public utilities such as electricity and transport. The consumer wants to eat meat like the Americans.

Clearly, it is not going to be easy to resolve these apparently conflicting pressures.

## Block reiterates warnings on Cap reform

BY NANCY DUNNE IN WASHINGTON

A VISIT to see piglets, a barbecue and other diplomatic niceties failed to conceal the basic differences between the U.S. and France when French President Francois Mitterrand visited the Illinois farm of Mr John Block, the U.S. Agriculture Secretary.

In "frank, friendly and direct" talks, Mr Block reiterated his warning that the U.S. and other trading countries would not bear the cost of reforming the Common Agricultural Policy.

He commended the community for the "monumental challenge" of reforming the Cap, but warned Mr Mitterrand not to restrict imports of non-grain feed ingredients (primarily maize gluten feed) and tanning agents (primarily hides and skins).

Mr Mitterrand, after inspecting grain stocks and taking a tractor ride, complained that

the U.S. sold five times as much agricultural produce to Western Europe as it purchases there, and said the EEC faces a "dramatic situation" with the imbalance.

Following a discussion with American and French farm leaders, Mr Mitterrand and Mr Block concentrated on areas of agreement. Both said they had agreed to try to reduce protectionism in international trade.

## PRICE CHANGES

In tonnes unless stated otherwise	Mar. 28 1984	+ or -	Month ago
<b>Metals</b>			
Aluminium	\$1100	-	\$1100
Copper	\$2100	-	\$2100
Lead	\$1100	-	\$1100
Nickel	\$1100	-	\$1100
Platinum	\$1100	-	\$1100
Silver	\$1100	-	\$1100
Tin	\$1100	-	\$1100
Zinc	\$1100	-	\$1100

## BRITISH COMMODITY PRICES

	Mar. 28 1984	+ or -	Month ago
<b>GRAIN</b>			
Wheat	\$110.00	-	\$110.00
Barley	\$110.00	-	\$110.00
Oats	\$110.00	-	\$110.00
Rice	\$110.00	-	\$110.00
Soybeans	\$110.00	-	\$110.00
Maize	\$110.00	-	\$110.00
<b>COFFEES</b>			
Arabica	\$110.00	-	\$110.00
Robusta	\$110.00	-	\$110.00
<b>TEA</b>			
Assam	\$110.00	-	\$110.00
Darjeeling	\$110.00	-	\$110.00
<b>SPICES</b>			
Black Pepper	\$110.00	-	\$110.00
Cardamom	\$110.00	-	\$110.00
Cinnamon	\$110.00	-	\$110.00
Coriander	\$110.00	-	\$110.00
Cumin	\$110.00	-	\$110.00
Fenugreek	\$110.00	-	\$110.00
Mustard	\$110.00	-	\$110.00
Nutmeg	\$110.00	-	\$110.00
Saffron	\$110.00	-	\$110.00
Turmeric	\$110.00	-	\$110.00
<b>FRUITS</b>			
Apples	\$110.00	-	\$110.00
Bananas	\$110.00	-	\$110.00
Oranges	\$110.00	-	\$110.00
Pineapples	\$110.00	-	\$110.00
Watermelons	\$110.00	-	\$110.00
<b>VEGETABLES</b>			
Asparagus	\$110.00	-	\$110.00
Broccoli	\$110.00	-	\$110.00
Cauliflower	\$110.00	-	\$110.00
Corn	\$110.00	-	\$110.00
Cucumbers	\$110.00	-	\$110.00
Eggplants	\$110.00	-	\$110.00
Kale	\$110.00	-	\$110.00
Peas	\$110.00	-	\$110.00
Potatoes	\$110.00	-	\$110.00
Spinach	\$110.00	-	\$110.00
Sweet Potatoes	\$110.00	-	\$110.00
Tomatoes	\$110.00	-	\$110.00
Zucchini	\$110.00	-	\$110.00

## AMERICAN MARKETS

## BASE METALS

**BASE-METAL PRICES** were mixed on the London Metal Exchange. Tin rose strongly, boosted by buffer stock support, coupled with trade buying and strong buying in the Far East. News of a strike at Broken Hill in Australia prompted persistent demand for tin, which closed at \$2,600. Zinc helped to limit the decline in zinc, which was finally quoted at \$715.50, down from \$720.50. Lead closed at \$1,063.50 following reports of a strike, unless in Peru.

## COPPER

Amalgamated Metal Trading reported that in the morning cash higher Grade A was \$2,050, B \$1,950, C \$1,850, D \$1,750, E \$1,650, F \$1,550, G \$1,450, H \$1,350, I \$1,250, J \$1,150, K \$1,050, L \$950, M \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade B was \$1,950, C \$1,850, D \$1,750, E \$1,650, F \$1,550, G \$1,450, H \$1,350, I \$1,250, J \$1,150, K \$1,050, L \$950, M \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade C was \$1,850, D \$1,750, E \$1,650, F \$1,550, G \$1,450, H \$1,350, I \$1,250, J \$1,150, K \$1,050, L \$950, M \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade D was \$1,750, E \$1,650, F \$1,550, G \$1,450, H \$1,350, I \$1,250, J \$1,150, K \$1,050, L \$950, M \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade E was \$1,650, F \$1,550, G \$1,450, H \$1,350, I \$1,250, J \$1,150, K \$1,050, L \$950, M \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade F was \$1,550, G \$1,450, H \$1,350, I \$1,250, J \$1,150, K \$1,050, L \$950, M \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade G was \$1,450, H \$1,350, I \$1,250, J \$1,150, K \$1,050, L \$950, M \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade H was \$1,350, I \$1,250, J \$1,150, K \$1,050, L \$950, M \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade I was \$1,250, J \$1,150, K \$1,050, L \$950, M \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade J was \$1,150, K \$1,050, L \$950, M \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade K was \$1,050, L \$950, M \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade L was \$950, M \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade M was \$850, N \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade N was \$750, O \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade O was \$650, P \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade P was \$550, Q \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade Q was \$450, R \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade R was \$350, S \$250, T \$150, U \$50, V \$0. Cash higher Grade S was \$250, T \$150, U \$50, V \$0. Cash higher Grade T was \$150, U \$50, V \$0. Cash higher Grade U was \$50, V \$0. Cash higher Grade V was \$0.

## LONDON OIL

The oil market began the day at \$10.00 a barrel and moved higher during the morning supported by the Middle East news and the resumption of physical activity. A very strong New York opening took the market to the high but profit-taking put some pressure on prices late in the day, reports Premier Man.

## CRUDE OIL FUTURES

Month	Year's day's close	+ or -	Business Done
Mar.	\$10.00	-	
Apr.	\$10.00	-	
May	\$10.00	-	
June	\$10.00	-	
July	\$10.00	-	
Aug.	\$10.00	-	
Sept.	\$10.00	-	
Oct.	\$10.00	-	
Nov.	\$10.00	-	
Dec.	\$10.00	-	

## SPOT PRICES

CRUDE OIL—FOB 15 per barrel	Latest	Change
Arabian Light	\$10.00	+0.03
Arab Heavy	\$9.95	+0.01
North Sea (Brent)	\$10.00	+0.03
North Sea (Brent)	\$10.00	+0.03
North Sea (Brent)	\$10.00	+0.03

## GAS OIL FUTURES

Month	Year's day's close	+ or -	Business Done
Mar.	\$10.00	-	
Apr.	\$10.00	-	
May	\$10.00	-	
June	\$10.00	-	
July	\$10.00	-	
Aug.	\$10.00	-	
Sept.	\$10.00	-	
Oct.	\$10.00	-	
Nov.	\$10.00	-	
Dec.	\$10.00	-	

## GOLD MARKETS

Gold fell \$21 an ounce from Tuesday's close to \$388.38 a troy ounce in the London market yesterday. In the New York market, the metal opened at \$388.38 and traded between a high of \$389.38 and a low of \$388.38. Trading was generally quiet and uneventful with the softer move reflecting the dollar's firmer trend.

## LONDON FUTURES

Month	Year's day's close	+ or -	Business Done
Mar.	\$10.00	-	
Apr.	\$10.00	-	
May	\$10.00	-	
June	\$10.00	-	
July	\$10.00	-	
Aug.	\$10.00	-	
Sept.	\$10.00	-	
Oct.	\$10.00	-	
Nov.	\$10.00	-	
Dec.	\$10.00	-	

## EUROPEAN MARKETS

Rotterdam, March 28	U.S. (6 per tonne)	U.S. (6 per tonne)
Wheat	\$10.00	\$10.00
Barley	\$10.00	\$10.00
Oats	\$10.00	\$10.00
Rye	\$10.00	\$10.00
Maize	\$10.00	\$10.00

## WHEAT

201.60	+1.50	254.00-261.0
254.00	+1.50	---

Turnover: 2,004 (1,471) lots of 100  
nnes.

---

In Zurich gold finished at  
\$385-386; from \$388-389.

## BARLEY

Standard.....	8505.10	+76.5	8500.70	+125
Cash.....	8613.0	+46	8654.5	+91
3 months.....	8510	+78		
Settlem't.....				
Straits E.....	\$90.16	-	-	.....

---

## LEAD

Lead—Morning: Cash	£334.50,	three	
months	£339. 38. 35,	38.50.	Kerb:
Three months	£339. 38. 35,	38.50.	

## COCOA

55p (same); three months	669.25p
669.75p). Turnover: 0 (3).	
Turnover: 57 (60) lots of 10,000 ozs	
Morning: Large 652.2; three months	
666.5, 68.0. Krb: large three months	
67.0. Afternoon: large three months	
69.0. Krb: large three months 669.0.	
9.5.	

**COCOA**

## RUBBER

lower levels. New crops were quiet and slightly steadier, reports Premier Men.			
Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
April....	301.80	308.30	208,0-201.8
May....	242.30	245.20	246.5-241.0
Nov....	70.40	70.90	77.00
Feb....	47.00	48.80	—

## HIDES

Prices	Mar. 28 1984	+ or -	Month ago	Year ago
Spot	142.85	143.03	139.55	184.10
Fut's	145.54	144.88	142.95	143.50
(Base: December 31 1974=100)				

## WOOL FUTURES

LONDON NEW ZEALAND CROSS-  
BREDS - Clean 1/2 24ct heavy 80/-

## COTTON

2611	2540	2479	2521
2498	2520	2472	2508
2467	2495	2445	2470
2450	—	—	2460
2461	—	—	2471
2461	—	—	2471

FREE "C"	37,000 lb.	cents/lb	
Close	High	Low	Prev.
148.23	49.50	47.77	49.30
140.93	41.90	40.70	41.87

## MEAT/FISH

7.22	7.45	7.21	7.44
7.60	7.79	7.60	7.77
7.80	8.03	7.80	8.00
8.48	9.73	8.52	8.63
9.33	9.15	9.32	9.12
9.20	9.43	9.18	9.38
9.57	9.72	9.57	9.68

**CAGO**

## SUGAR

between a high of \$386-387 and a low of \$383-386. Trading was generally quiet and uneventful with the softer move reflecting the dollar's firmer trend.

In Paris the 12½ kilo har was fixed at FFr 99,700 per kilo (\$387.30 per ounce) in the afternoon compared with FFr 99,500

## WHEAT

LONDON FUTURES			
Month	Yest'days close	+ or -	Business Done
	\$ per tray ounce		
April.....	386.10-88.38	-3.00	387.00-85.00
May.....	392.00-81.10	-3.00	393.50-82.50
June.....	388.50-00.00	-3.25	400.48-89.90

## BARLEY

LEAD	a.m. official	+ or -	p.m. unofficial	+ or -
	£	£	£	£
Cash.....	334.5-5	+1.5	335-4	+1.5
3 months.....	338.5-0	+1.5	338.5	+1.5
Settlement	335	+1.5	—	.....

**ZINC**

## COFFEE

based on a firm note. Some light producer interest was noted but physicals were largely ignored, reports Cill and Huffe.			
Cocoa	Yesterday's Close	+ or -	Business Done
	£ per tonno		
March.....	1790-97	+ 2.0	1800-76
May.....	1815-17	+ 24.0	1820-85
July.....	1810-11	+ 8.0	1822-97

## SOYBEAN MEAL

# RUBBER

The London physical market opened slightly easier, attracted little interest throughout the day and closed idle, reports Lewis and Peir. The Kuala Lumpur May lat price for RSS No 1 was 250.0 (248.51 cents a kg and for FNR 232.5 (231.0).

Mar. 28 1984	+ or -	Month ago	
Soybean meal	\$10.00	-	\$10.00
Crack	\$10.00	-	\$10.00
Flour	\$10.00	-	\$10.00
Starch	\$10.00	-	\$10.00

## HIDES

454-460;	Dec 452, 454,	453-462;
Jan 453, 458,	454-455;	March 460 463,
460;	May 460, 471,	468;
Aug 473,	479-478.	Sales: '77.

**SYDNEY GREASY WOOL**—Close (in cents per kg., business). Austra. n cents per kg. May 575.0, 577.0, 575.0-577.0; July 568.0, 569.5, untraded; Oct 573.0, 576.5, untraded; Dec 581.0, 580.0, untraded; March 591.0, 596.5, untraded. Max. 600.0 and 595.0.

## COTTON

	128.83	30.50	23.86	29.84
	127.56	23.00	27.50	28.13
PER 25,000 lb., cents/lb				
Close	High	Low	Prev	
69.35	70.05	69.69	69.75	
88.36	—	—	89.60	
69.90	70.70	69.90	70.25	
71.20	72.00	71.10	71.65	
72.45	73.25	72.40	72.90	
74.40	75.25	74.40	74.85	
75.05	—	—	76.50	

## MEAT/FISH

59.55	59.80	59.27	59.30
56.17	56.50	56.10	55.25
54.10	54.50	54.05	54.15
54.75	55.05	54.75	55.87
54.85	55.00	54.80	54.90

HOGS 30,000 lb., carcass/lb			
Close	High	Low	Prev
49.35	50.07	49.10	49.35
56.42	57.27	56.10	56.05
55.87	55.40	55.15	55.10

## SUGAR

In Frankfurt gold closed at \$386.38 1/2 from \$388.389.		
	Mar. 98	
Gold Bullion (fine o		
Close...	\$380.386 1/2	(£207 1/4)
Opening...	\$386 1/4 - 386 1/2	(£267.26)
Evening fixing...	\$380.70	(£266.80)

## WHEAT

Turnover: 687 (790) lots of 100 Troy unces.			
Mar. 27			
unces			
307 <sub>1</sub>	3388 <sub>1</sub>	389 <sub>1</sub>	(3207.367 <sub>1</sub> )
37 <sub>1</sub>	(5382.383 <sub>1</sub> )		(2288 <sub>1</sub> 2663 <sub>1</sub> )
77 <sub>1</sub>	3889.10		(2266.345 <sub>1</sub> )

## BARLEY

Mar. 27-11. Antelope: Cash: 2,734.				
38, three months 771Q. 09, 09, 09, 09, 09, 09, 09, 10, 10, 10, 11. Kerb: Three months 771Q. 12, 11, 11, 12. Turnover: 12,350 tonnes. U.S. Prime Westorn: 53-53.75 cents s pound,				
ZINO	£m. Official	+ or -	p.m. Unofficial	+ or -
	£	£	£	£
Cash.....	738.9	-6	756.7	-8.5
	738.9		756.7	

## COFFEE

Sales: 3,330 (2,762) lots of 12 tonnes.  
 ICCO Indicator prices (U.S. cents  
 per pound). Daily prices for March 27:  
 15.73 (118.31); live-day average for  
 March 28: 118.08 (118.00).

## COFFEE

During a quiet morning veluc  
 rated lower in light volume and







# Reviews by the Chairmen of the Transvaal Gold Mining Companies administered by Anglo American Corporation

## 'The outlook for gold is more positive now than it has been in the past 12 months'

The following are extracts from the annual reviews for 1983 of:

Mr. E. P. Gash, chairman of Vred's, Western Deep Levels, Randfontein and Southwold.  
Mr. W. R. Lennie, chairman of S.A. Lands and Anglo-American.

### Costs and economic factors

One of the difficulties facing South Africa is the imbalance between the rate of inflation here and that of our major trading partners, as inflation in this country is still running at more than 10 per cent a year. Fortunately, the authorities are bearing fruit and inflation is continuing to drop from the peak of 18.6 per cent, as measured by the production price index, experienced in early 1983. This decrease has helped to reduce the rate of increase in the gold mining industry's costs. The mines in the Transvaal administered by Anglo American Corporation recorded a 7.3 per cent increase in the rand cost per ton milled for the year to December 1983, the lowest increase recorded for some years.

It is opposite to point out that, even with only negligible inflation, mining costs inevitably increase. As a mine gets older and deeper, workings become more distant from the shaft and it is more costly to produce each kilogram of gold. Mining of great depths requires increased refrigeration and ventilation to combat higher temperatures and more complex and expensive stage support systems are needed to withstand greater rock pressures. Bigger and faster haulage systems are also necessary. Constantly rising costs can be offset only by more innovative financing in mining systems, layout and design, as well as the more efficient use of labour. Management continues to place a major emphasis on cost control, but as the cost of labour, stores and services steadily rise, gold production costs are still climbing at an uncomfortably high rate. For the mines mentioned above, the cost of producing a kilogram of gold increased by 9.1 per cent during the year.

### Gold

The average price of gold on the London fixings during 1983 rose to \$424 an ounce from \$376 the previous year, an increase of 12.8 per cent.

There are a number of conflicting factors affecting the price of gold at present. The dollar remains strong, but with increasing concerns about the US deficit, some downward movement in the US dollar appears likely. As investors diversify their investments to currencies other than the dollar, there may be a spill-over into gold.

If the US economic recovery is sustained and inflation is kept in check, fabrication demand for gold should grow. If the recovery falters, the rate of inflation may increase, which could again positively influence the gold market. In addition, the gold market could be favourably affected by the continuing debt problem at the third world and by political problems which plague various regions throughout the world. On balance, therefore, I feel the outlook for gold is more positive now than it has been in the past 12 months.

### Uranium

There has been little change in the uranium market during the past year. Although estimates of future uranium electricity generating capacity continue to fall, production also remains in a downward trend. In the near future, reactor fueling demand is expected to exceed contracted supplies. It will take somewhat longer for that demand to exceed production and several more years before utility inventories are reduced sufficiently for there to be any significant growth in demand for new production and, consequently, any firming in prices.

### Industrial relations

The year was characterised by a number of significant developments in industrial relations in the mining industry.

Joint representation to the government by the Chamber of Mines and the Underground Officials Association led to the cancellation of the last racially discriminatory Ministerial decree remaining. As a result, merit-based mining is now in effect throughout the survey, sampling and environmental control departments.

The industry's annual wage and salary negotiations included participation by the Federated Mining Union and the National Union of Mineworkers (NUM) for the first time. Wage negotiations were conducted in a spirit of co-operation, and resulted in increases ranging from 9 per cent to 14.4 per cent, with employees at the lower levels receiving the largest percentage increases.

Membership of the NUM has increased steadily. In the latter part of the year, a recognition of staff awards agreement was signed by the union and the Chamber on behalf of its members. The Minister of Manpower has given permission for membership fees of NUM members on those mines where it is recognised to be deducted from monthly wages. These are healthy steps towards normalising relations between employers and representative unions and are to be welcomed.

Although some pleasing industrial relations developments took place in the year, a number of critically important issues remain unresolved. No progress was made in the discussions between the Chamber and the unions on the establishment of a mutually acceptable negotiating structure for the industry. It is considered essential that a structure be introduced which allows unions and management to enter into legally enforceable agreements, thereby helping to eliminate the distrust which clouds union management relationships at present. Also, the racially discriminatory scheduled persons definition contained in the Mines and Works Act remains unchanged. In 1981, the government changed the mining industry with removing racial discrimination from its employment practices. This was to be done within a reasonable period of time by employers and unions agreeing on pre-conditions aimed chiefly at job security in the industry. Efforts are continuing to change this discriminatory legislation.

## SUMMARY OF RESULTS

	Vaal Reest*				Southwood*		Alderson Leasort*		Western Deep Levels*		Banksland		S.A. Land	
	1983	1982	1983	1982	1983	1982	1983	1982	1983	1982	1983	1982	1983	1982
GOLD tons milled 000's	8 568	9 205	3 234	2 994	130	0	3 522	3 408	1 718	1 631	2 140	2 080		
Value - grams/ton	8,36	8,56	11,28	11,71	2,06	1,83	11,20	11,28	5,74	5,32	0,75	0,85		
Production (kg)	60 007	78 750	36 634	35 660	268	11	39 455	39 476	9 868	8 138	1 605	1 752		
Cost - ton/ton milled	51,43	47,68	53,17	49,39	29,51	12,50	67,83	62,48	48,72	47,11	7,14	6,46		
Cost - mining produced	6 150	5,574	4 864	4 216	14 313	8 618	8 056	5 538	6 481	8 664	8 623	7 632		
Value received - mining	15 311	13 038	15 311	13 038	14 213	13 038	15 321	13 174	15 301	13 812	15 696	13 062		
Mining profit R 000's	733 601	602 247	389 482	316 634	(16)	(94)	302 166	304 205	68 236	39 353	3 687	3 349		
Capital expenditure R 000's	158 203	120 684	67 624	57 356	4 789	12 044	152 025	122 955	50 564	25 761	4 282	5 830		
OPERATIONAL														
Production - tons	18 777	1 722	948	886	-	-	-	174	183	-	-	-	-	-
Profit R 000's	55 496	30 250	28 543	15 624	18	(210)	2 685	2 124	-	-	-	-	-	-
FINANCIAL														
Profits booked R 000's	-	-	186 752	157 029	125 000	81 000	-	-	-	-	-	-	-	-
Tax R 000's	307 865	231 532	86 133	73 163	-	-	138 917	108 329	-	-	-	-	481	426
Dividends cash/share	1 165	950	385	330	-	-	426	395	40	15	60	75		
* Includes share of subsidiary losses from Dept. of Mineral Resources														



# North American Real Estate

Property is back in fashion in North America. The danger is that, as in the late '60s and early '70s, the boom is being fuelled by investors rather than occupiers. A damaging space surplus could result

## Back under the spotlight

BY MICHAEL CASSELL

THE NORTH American property market is as diverse as it is dynamic, as immense as it is inventive. The wealth it represents borders on the unimaginable and the resources and skills it consumes are incalculable.

Above all, the property market which has built millions of acres of skyspace and engineered countless fortunes is also regarded as the bedrock of a nation whose strength lies in its political and economic stability.

Now, against a background of surging economic recovery, a property market which is so fragmented as to make generalisations a risky business can be said to be displaying a level-headed optimism for the future.

The return of confidence has been a gradual affair, with a previously weak economy exposing the property market's past inclination to build too much and to expect too high a price for it.

The recession brought widespread corporate retrenchment, playing havoc with market assumptions over future space requirements and rental growth and wrecking financial calculations predicted on fast returns and rapid growth. Experiences differed widely.

Some office markets, like those in New York and Los Angeles, escaped lightly. Others, such as Houston and Chicago, took the downturn on the chin and will need longer to climb back on their feet.

Some private developers, a powerful force in the U.S. property market, succumbed to the pressures and filed for bankruptcy or handed over their equity to institutional partners. Other major lenders, like Crocker National Bank, found themselves with massive property loan problems and embarrassingly high bad debt charges.

But most of the past problems have become a subject for occasional reflection. Property is back in fashion in a big way and the overriding preoccupation is with its potential rather than with any previous mistakes.

Favourable tax treatment, the poor relative showing of the stock exchange and the overwhelming flood of investment finance searching for a home

has been pushing real estate back into the spotlight.

The reawakening of interest among investors—encouraged by comparatively good returns and the prospect of a fresh cycle of rental and capital growth—which was identified in 1983 has continued and expanded in the early part of 1984.

### Low yields

The impact is already apparent, with prices for high quality properties being bid up, forcing a consequent reduction in the high yield levels which have long been associated with the American market. While in early 1983, prime office yields stood as high as 9-10 per cent, they have already fallen to 8 per cent or lower. In some cases, initial returns as low as 5 per cent are being accepted, on the assumption that rental income will quickly rise.

But it is the weight of finance now attempting to penetrate the market which repre-

sents the single most striking feature of the current market place. For not only is the current economic boom generating huge volumes of investment finance, the real prospect of higher inflation at the end of the current upturn is further enhancing property's appeal.

Already responding to the need to invest in assets providing a hedge against inflation, the pension funds and insurance companies are stepping up their real estate spending programmes. Their approach is likely to be reasonably cautious but, even so, their influence is enormous.

American institutional investment in property has traditionally been extremely low—in sharp contrast to European averages which can be as high as 25-30 per cent. There is no question, however, that the low historic level of exposure has been mounting.

With America's largest institutions individually investing more in property in one year,

for example, than all of the UK's major pension funds and insurance groups combined, the scale of their resources is clear.

Only last week, Equitable Life Assurance agreed to pay up to \$760m for a portfolio of 19 shopping centres, owned by General Growth Properties, one of the market's more spectacular casualties.

But the institutions are not alone. A potent force in the marketplace are the syndicators, taking full advantage of tax laws which effectively treat real estate as though it were a depressed industry in need of generous public subsidies.

The formation of limited partnerships to buy property on a highly-leveraged basis and to work a tax code, which permits generous write-offs and big depreciation deductions, to breaking point, has become a major feature of the investment market.

Last year alone, public and private syndicators were estimated to have put \$7.5bn

into property, often pushing market prices beyond levels considered prudent by many of their competitors.

Syndicated investment could rise by a further 15 per cent this year and spending is running at levels which eclipse the budgets of the real estate investment trusts, whose influence has been completely overshadowed.

The syndicators—some of which are long-established and highly respectable—have come in for increasing criticism, not least because of their apparent readiness to pay arguably unrealistic prices, the heavy front-end fees charged and a general lack of experience in the property market.

George Peacock, senior vice president for real estate at Equitable Life, emphasises that the syndicators have so far confined themselves to the purchase of existing properties but says some could try development. He predicts trouble ahead: "It's just a matter of

time before some of that junk, which is being sold to inexperienced investors, falls apart."

Other critics believe the crunch will come when some syndicators prove themselves incapable of managing properties, rather than simply adept at buying them.

Congress is currently working on tax reform proposals which could go some way towards restricting tax shelters and clipping the syndicators' wings. But they are not all solely tax-driven operations and the general view is that though legislative changes may slow their progress, the syndicators are not going to disappear.

To add to the competition for investments, the savings and loans associations, having recovered from the crisis which hit them when high interest rates exposed their dependence on fixed-rate mortgages, are also increasingly keen on investing in commercial property.

The huge flow of cash to the thrift institutions—more than \$60bn in net new savings last year—is helping stimulate the housing sector's revival but the commercial property sector also beckons strongly. There is increasing evidence that the savings and loans organisations are prepared to offer fixed-rate loans on commercial projects and also ready to act as joint-venture partners, developers and even syndicators.

### Currency fluctuations

To heighten competition for property investment still further, foreign investors, apparently largely undeterred by the strength of the dollar, remain a small but significant element in the market.

Many overseas buyers are now in a position to buy with dollars and, in any case, they seem happy to purchase on a dollar-averaging basis, accepting currency fluctuations as part of the price to be paid for a stake in the strongest real estate market in the world.

The major concern is that the mountain of funds will help create a damaging development boom. According to Leanne Lachman of the Real Estate Research Corporation in

### CONTENTS

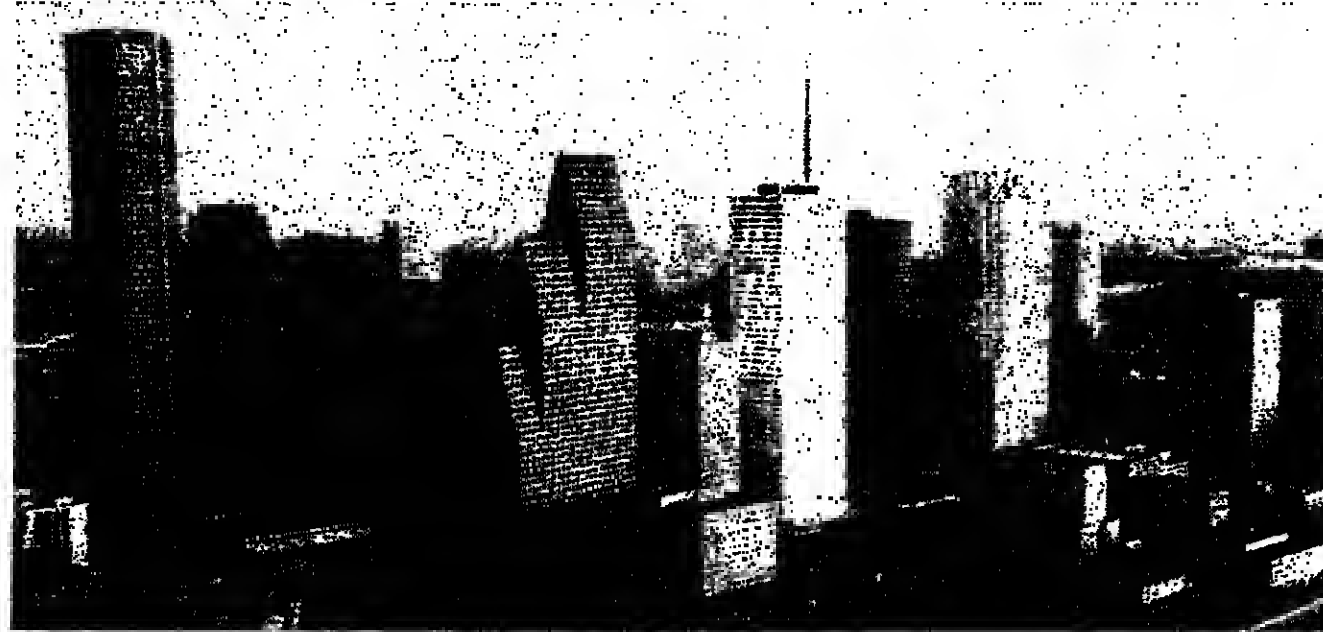
U.S. institutional investment: cautious return by fund managers	II
U.S. retailing: standard and variety of shops unrivalled	II
Foreign investment: interest strongest in high quality locations	III
Profiles: American Property Trust	III
U.S. industrial property: undergoing rapid change	III
Six leading markets: a look at developments in New York, Chicago, Houston, San Francisco, Boston, Los Angeles	IV and V
U.S. housing: doubts surround future pace of recovery	VI
Canada: office space supply dwindling	VI

Chicago: "The availability of money is the prime factor. Supply and demand is secondary."

Simon Milde of Jones Lang Wootton in New York says rising prices do not seem to be deterring investors: "There is a colossal amount of money chasing investments which are going at historically very high prices. Even if the syndicators slow down, the institutions will step in."

The theme is repeated by Michael Williams of Coldwell Banker in New York: "There is no lack of money around but a serious shortage of properties. Competition to buy with force yields still lower this year."

So the danger is that, in a repeat of the late 1980s and early 1970s, an oversupply of new property will be created to fulfil the needs of investors rather than the requirements of occupiers. If the next year or two bring a real estate development boom, there will be cause for concern a little further down the road.



Downtown Houston: spectacular skyline overshadowed by a huge space surplus

Draper and Kramer, Incorporated is a full service, nationwide real estate organization founded in 1893. Our market is the United States. We have property interests in every region of the country: from the farm belt to the industrial belt to the sun belt. We are especially sensitive to the needs of institutional clients and offer a support staff and a range of services responsive to their needs. Acquisition, management, leasing, financing.

## THE UNITED STATES PROPERTY MARKET ISN'T FOREIGN TO US.

### DRAPER AND KRAMER, INCORPORATED

Chicago, Illinois and major U.S. Cities  
Telex: 910-221-1265  
Telephone: 312-346-8600  
Mr. Douglas Kramer, President



## NORTH AMERICAN REAL ESTATE II

## Cautious return by fund managers

## U.S. investment institutions

THERE IS a certain seriousness among the more solid members of the U.S. institutional investment community when the talk turns to real estate these days.

In America, as in other parts of the world, real estate has traditionally been a good inflation hedge but with inflation in the U.S. decelerating over the last 18 months the U.S. real estate market has been afflicted by an inflation bug of its very own which has sent prices soaring. There are tales aplenty of investors buying office properties and a few weeks later selling them at prices some 30 per cent higher. The question everyone wants answered is how long can this sort of speculative activity last.

Jones Lang Wootton says that the 1983 economic recovery, which combined accelerated growth rates with lower interest rates and a lower inflation rate, had effects on the market for investment properties that were not generally anticipated a year ago.

Fears that disinflation would reduce the attractiveness of real

estate investment for institutional investors were not well-founded in 1983. Indeed, last year was characterised by too much money chasing too few properties—good news for those on the right side of transactions but it has left the impression that the U.S. real estate market is too over-heated for comfort.

The strength of the U.S. real estate market in 1983 surprised more cautious institutional investors. The equity market's buoyant performance was a powerful magnet for substantial sums of pension fund money which had originally been earmarked for real estate.

For example, Prudential Insurance, America's biggest insurance company, disclosed recently that during 1983 its real estate portfolio had shrunk slightly in value to \$2.85bn while its mortgage lending had dropped 5 per cent to \$13.9bn. By contrast, its bond portfolio rose by more than a fifth to \$23.4bn and its cash and liquid investments were up two-thirds to \$3.36bn.

## Modest interest

Clearly, the mighty Prudential was not pouring huge sums of money into U.S. real estate last year and although there were signs that after abandoning the market in 1982 U.S. pension funds generally were moving back into real estate, the movement was not as brisk as some

brokers would have liked.

Institutional Investor (II) in its latest survey of U.S. pension fund activity notes that "in spite of the recovery and the firming up of real estate prices in many recently soft markets, pension officers report only modest interest in sending new money to real estate managers." Slightly more than 25 per cent of the managers it polled had allocated up to 10 per cent of new funds to property investments. Two years ago, when market enthusiasm was higher, the figure was 38 per cent.

II's survey shows that two-thirds of the managers polled planned to put none of their new money into real estate. It says that many U.S. pension funds jumped into U.S. real estate in a big way over the past couple of years and now feel they are as heavily invested as they want to be, particularly since their expectations for equities are so high.

Jones Lang Wootton estimates that U.S. pension funds own only \$28bn of real estate, or 4 per cent of the estimated \$700bn commercial real estate market. In terms of their own portfolios real estate accounts for only 3 per cent of the investible funds of America's pension funds. This compares with 25 to 30 per cent in the case of European pension funds.

Over the last decade U.S. real estate as an investment has handily outperformed similar investments in the U.S. equity and corporate bond markets and shown gains well above the growth in the U.S. consumer price index. Average real estate prices in the U.S. for example, rose 55 per cent faster than consumer prices during the 1970s.

For these reasons U.S. institutional money managers are expected to increase their proportionate stake in the U.S. real estate industry. But as the last 12 months has shown, they have not been as aggressive as some people.

The two most aggressive sources of institutional financing for the U.S. real estate industry over the last year have been the savings and loans associations and the real estate syndicators. The former have returned from the brink of bankruptcy a couple of years ago and the latter have burst on to the scene as the suppliers of one of the most attractive forms of tax shelter for investors.

For the traditional investors in real estate the emergence of the aggressive real estate syndicators, who buy over-priced properties and then sell them on to wealthy individuals who can shelter their income from tax through all sorts of loopholes, are the industry's bête-noire.

Estimates of the amount of money going into real estate via syndications vary widely. Kenneth Leventhal, a Los Angeles-based accountancy firm specialising in real estate, says that public real estate syndications raised a record \$4.75bn in 1983, close to two thirds up on the previous year's figure. Roughly the same amount is believed to have gone into private unpublicised deals.

According to 1984 projections,

public real estate syndications could raise more in one year than the real estate investment trusts have done in aggregate. On Wall Street the talk is that for every dollar which used to go into the once popular oil and gas tax shelter deals two dollars are going into real estate syndications.

The pursuit of real estate investments for tax shelter purposes only has already been noted by the U.S. tax authorities and moves are afoot to clamp down on the excesses. The more conservative elements in the real estate industry, concerned about the inflation of property prices resulting from the syndicator activities, say that it is no longer a question of whether the tax authorities will pounce but when.

Kenneth Leventhal is predicting that there will soon be an industry shakeout which will leave credible syndicators and deals based on solid, long-term economic benefits from profiteers pushing deals which

tional investors in U.S. property. Within the last few weeks it agreed to pay \$700m for 19 shopping centres across the U.S., totalling 8m sq ft.

The transaction is one of the largest in the industry and Equitable's explanation of its rationale gives a clue to the current strategic thinking of major U.S. real estate investors. The company says that with retail sales hitting record levels it is an extremely good time to be buying retail properties.

Equitable began investing in retail real estate in the 1970s and has had a good return on its investment. The latest acquisition increases its shopping centre portfolio to 169 properties representing close to 50m sq ft. The group has a total of \$200m in U.S. real estate, of which some \$60m is equity.

The second factor which has increased the volume of institutional money moving into the U.S. real estate industry, has been the increased activity of the savings and loans associations, which have once again begun to offer new development projects with substantial sums of fixed rate financing.

## Overheating

George Peacock is concerned by this trend because he fears that it might encourage developers to be less selective about new projects and could cause an oversupply in some markets three or four years down the road.

The savings and loans, helped by the creation of new financing instruments such as collateralised mortgage obligations (CMOs), have been able to raise much more money to lend into the real estate market. Olympia and York's recent \$970m refinancing of three Manhattan office buildings gives an indication of the appetite of the savings and loans.

Salomon Brothers sold the floating rate mortgage on the three properties in the form of floating rate notes to more than 40 investors, most of which were savings and loans. Financial Corporation of America's (FCA) American Savings and Loan took \$550m on its own.

Aside from the savings and loans, U.S. commercial banks have also been active lenders on real estate over the past 12 months, mainly because corporate loan demand has been sluggish and the uncertainty about international lending has encouraged them.

The major U.S. money centre banks to look for safer havens for their funds closer to home because of the speculative rise in prices in some sectors and the likelihood of Government action to curb the activities of tax shelter investors in U.S. real estate, institutional investors approach the current year in an uncertain mood.

Over the longer term there are good arguments why the pension funds in particular should diversify their holdings more heavily into U.S. real estate. On the other hand, the reduction in U.S. inflation means that real estate is not going to be as good a hedge against inflation as it has been in the past decade.

William Hall

For Investment and Development Advice on Commercial Property in New York and throughout the United States

London Offices: Mayfair, the City, Kensington, Hyde Park, Maida Vale, Chelsea, Notting Hill Gate.

**Chestertons**  
Chartered Surveyors

30 Rockefeller Plaza, Suite 1929,  
New York, New York 10112.  
Telephone: (212) 765 1540, Telex: 126356.

**RERC** AMERICA'S  
TRULY  
INDEPENDENT  
VALUERS

- Property Valuation and Feasibility Studies
- Work in 300 Cities a Year
- High-Quality Service for 53 Years
- No Brokerage or Property Management

**RERC** Real Estate  
Research Corporation  
72 W. Adams Street, Chicago, IL 60603 Telex: 270258 Phone: 312/346-5885

Downtown Experts in Leasing,  
Land Assembly, Property Management, Investment Sales,  
and Development Consulting

**KNOWLTON REALTY LTD.**

North America's International Property Agents

Calgary Denver Edmonton  
San Francisco Toronto Vancouver

**SOUTHEAST/GOOCH & WAGSTAFF**  
COMMERCIAL PROPERTY CONSULTANTS

Real Estate Acquisition  
and Investment Management  
for substantial overseas investors  
and pension funds  
investing in the State of Florida

**SOUTHEAST/GOOCH & WAGSTAFF**

A Partnership of Southeast Banking Corporation, Miami,  
and Gooch & Wagstaff, Chartered Surveyors, London

Richard B. Geraghty and Peter A. Rose, Managing Directors

One Southeast Financial Center, Miami, Florida 33131 (305) 375-7300 Telex 441163 SGV

## Standard and variety of shops unrivalled

## U.S. retailing

IF THE art of retailing has been perfected anywhere, then it must be in the U.S. The standard and variety of shopping facilities is unrivalled and most American shoppers—though they may not appreciate it—are quite simply spoiled.

Not every city has a Galleria like Houston's Water Tower Place like Chicago or a Trump Tower like New York but, equally, some have more than their fair share. America has pioneered the development of quality, convenience shopping and the trends which it champions today will invariably catch on around the world tomorrow.

The rate and pace of retail expansion may not today be anywhere close to the levels achieved during the 1970s but the recent years' positioning of retail sales across the U.S. seems set to stimulate another phase of fresh growth and development. Last year, general merchandise sales grew at their highest rate for five years, following a fairly flat four-year period.

Responding to sharply rising sales, retailers and developers are striving to find a niche in an increasingly specialised market and to serve customers which may not previously have been isolated and identified. This is leading to the renaissance of downtown and inner-city retailing, along with the rapid development of speciality centres and urban regional malls.

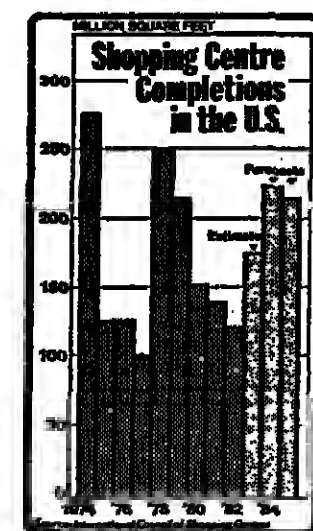
The development of new shopping centres has been running at comparatively modest levels for the last few years. The Real Estate Research Corporation of Chicago reckons that up to 1,000 shopping centres a year were being completed during the peak of the retail development boom in the 1970s but that the figure is now down to around 300.

## Better balance

According to RERC, this means that supply and demand have again moved into better balance. "Take, for example, some of the larger centres built in suburban locations in anticipation of continued residential growth. Their performance was disappointing after housing starts dropped in the early 1980s and their expected markets did not materialise quickly.

"Now that several years have elapsed, most of those centres are taking hold." Richard Ellis, in its latest report on U.S. real estate, says any fresh wave of development will be limited. "Regional centres will continue to be planned and built but in extremely small numbers compared to the late 1960s and 1970s. The sizes of the centres will be smaller and they will be located in smaller communities or on the edge of cities with a projected high growth rate."

Almost everyone agrees that a growing proportion of future retail development will involve the modernisation of existing facilities. In the opinion of the RERC, around half of all current work entails rehabilitation, not least because it can now take seven or eight years in many centres to achieve zoning for major new shopping projects.



RERC has pointed out for five years that some of the greatest retail investment opportunities involve buying well-located but older and somewhat obsolete centres and remodelling and reshaping the tenant mix. "In 1981 and 1982, roughly half of the gross leasable area of retail space added nationwide was expansion of existing centres. In that period, two and a half times as much space was added to existing facilities as in the previous two years. The intense focus on expansion is even clearer when you realise that total leasable space constructed in 1981-82 was down 41 per cent from the prior two years."

In particular, many of the regional malls built in the late 1950s and early 1960s are being upgraded. For example, the Topanga Plaza complex in West Fernando Valley is undergoing a major transformation while the 168th Street Mall in Miami has been enclosed and re-tenanted.

According to Coldwell Banker, one principal reason for the rehabilitation is dramatic change in the ownership of shopping centres. They say the rapid development of enclosed malls was primarily by owner-developers, "entrepreneurs with pride in their centres."

But, by the late 1970s, changes had occurred. For many of the original owners, depreciation was exhausted, land values had shot up and the cost of borrowing money had hit record levels. As a result, large financial institutions, pension funds and a number of overseas investors were becoming interested in the potential offered by shopping centres and moved in to acquire them.

The recent resurgence in retail sales, combined with the general oversupply of office space, has started to re-establish shopping centres as a favourite investment vehicle for institutions and syndicators.

No discussion of retail property is complete without reference to the off-price centres now springing up around the nation. Started in the late 1970s as a direct outlet for manufacturers, off-price chain stores and malls are mushrooming in suburban as well as town centre sites, selling at discounts of up to 30 per cent but concentrating on quality products for middle and upper-income consumers. The centres represent a major challenge to the department stores and it remains to be seen if and how they fight back.

Michael Cassell



**Hillier Parker**  
May & Rowden

ANNOUNCE THE MOVE OF THEIR AFFILIATED  
REAL ESTATE PRACTICE IN THE U.S.A.

**LANDAUER**  
ASSOCIATES, INC. REAL ESTATE COUNSELORS

**BANK OF AMERICA PLAZA**  
335 MADISON AVENUE, NEW YORK

and Atlanta, Chicago, Houston, Los Angeles,  
Santa Ana and West Palm Beach

مكتبة الأمل



## NORTH AMERICAN REAL ESTATE III

## Strong interest in top class locations

THERE IS a temptation for the outsider to imagine that foreign investors in North American real estate are a powerful force in the land. The reality is that, given the scale of the property market and the sheer volume of domestic investment funds available, overseas involvement remains an interesting but comparatively insignificant element in the overall picture.

A recent survey suggested that U.S. public and corporate pension funds alone intended to invest up to \$150m in real estate equities over the next three years and that they will also undertake an increasing volume of direct investment in order to boost their historically low exposure to the property sector.

Individual investment transactions on the part of foreigners may tend to create considerable interest back home, but an American real estate man about the influence of overseas interests in the marketplace and the investor will usually give a polite acceptance of their presence and an equally polite dismissal of their importance.

But, however they are regarded in the eyes of local real estate practitioners, increasing numbers of overseas investors have identified North America as a property market which they simply cannot afford to ignore.

The reasons are straightforward enough. Investment in North American real estate means portfolio diversification, offers the prospect of higher returns and, above all, provides a foothold in a nation widely perceived as the last real bastion of political and economic stability.

Real estate is essentially a long-term business, offering a longer-term investment and there is little evidence to suggest that foreign investors have adopted any other approach to North American real estate. The recent strength of the dollar might have been seen as a signal for a widespread retreat on the part of potential overseas buyers but the signs are that foreign exchange fluctuations, however significant, have not deterred investors from their objectives.

Most foreign investors appreciate that there can be higher risks, as well as higher returns, involved. And, they have generally attempted to minimise those risks by buying in major cities and concentrating on prime opportunities.

Stephen Banker of Grosch and Co., the New York brokers, says that foreign investment activity has become significant only in the sense that it has



South La Salle Street, Chicago. American Property Trust made \$28m on it in two years.

concentrated on the best property. "Overseas buyers are not going to squeeze out the local investors but they are putting substantial sums of money into high-class locations. They seem to go for quality."

Most attention has so far concentrated on obvious centres like New York, Chicago, Los Angeles and San Francisco but, given the strength of investment competition, potential purchasers are now studying second-line locations like Boston, Philadelphia, Phoenix and Tampa.

The real danger, however, is that the more adventurous the investor becomes in terms of

## Foreign investment

location, the greater the risk of mistakes. According to Dennis Kavanagh of Jones Lang Wootton in Houston: "Foreigners came here and totally misunderstood the local market. They saw buildings being leased to big companies and saw no problems in doing the same."

But they failed to appreciate that many of these new, large space-users involved operations which had been assembled exclusively to work on specific, energy-related contracts. They signed short leases, with break clauses, and when their work was done, they disbanded, leaving the floorspace behind them. We call them contract leasers, but some foreigners didn't begin to understand what sort of tenant market they faced."

There is also the wider suspicion that many potential investors from overseas are prepared to pay silly prices for property, partially a reflection of their ignorance of local market conditions and partially an indication of their determination to participate.

The key to sensible investment decisions must lie in the

quality of the advice provided, particularly vital where the investor has no direct representation on the doorstep, as is the case with many of the property unit trusts established to invest in U.S. property.

The unit trusts forms only one option in the range of investment vehicles now offered to non-domiciled investors, though some of these have amassed sizeable portfolios.

The UK pension funds have been particularly active, if characteristically secretive, but a whole generation of comingled funds, investment partnerships and investment trusts have been established to attract and then channel overseas finance into North American property.

Organisations like Banque Indosuez of France, Sarakreek of Holland, Investcorp of Bahrain and Lazard of West Germany may have adopted widely differing techniques to meet investor requirements, but the objective is the same. Some American syndicators, like Investment Mortgage International in San Francisco, have already come to Europe to pick up the funds for themselves.

The prime sources of foreign investment interest from Europe have been the UK, Holland and West Germany. Middle East investors, many of them private individuals, have also become increasingly active, as have buyers from the Far East.

But perhaps the front-line in real estate investment is held by the direct developers, who are prepared to take their skills and complete dedication with experienced and highly competent locals. For the most part, their approach has been sensible and their commitment modest.

The first principal, for those who are making a go of it, appears to be readiness to look, listen and learn and not to imagine they can tell North America much that it doesn't already know about the property game.

M. C.

## PROFILE: AMERICAN PROPERTY TRUST

## Building up the stakes of UK pension funds

AMERICAN PROPERTY TRUST has emerged as one of the largest and most active investment vehicles for UK pension funds seeking a stake in U.S. real estate.

With assets of around \$280m, APT holds and manages a widely-based portfolio of properties on behalf of some of Britain's biggest corporate pension funds, like those for British Steel, the Electricity Council, Bank Xerox, Imperial Chemical Industries, Reed International, the Post Office and Powell Duffryn.

The trust's activities are supervised in the U.S. by UK-American Properties, a wholly-owned subsidiary, which has six directors, three drawn from independent sources in the U.S. and three more from the UK committee of management. Sole adviser to the fund is Richard Ellis and the portfolio manager is Graham Bond, an Ellis partner.

APT started life in the mid-1970s as an open-ended, comingled fund and had about seven initial participants, a number which has swollen to 49 since Ellis took over management responsibility from Citizens and Southern Bank of Atlanta in 1978.

## Emphasis

At that time, the emphasis was on smaller properties in and around the south-east corner of the U.S. but Ellis set out to change the focus and spread the investment base. The intention also was to become less dependent on small, management-intensive buildings and to concentrate more on larger, single investment properties.

The fund has recently sold off the last of its neighbourhood shopping centres and its small office properties, although it has retained and added to its warehouse investments. It likes the idea of more regional shopping centres — which offer a greater monopoly situation — and is on the lookout for schemes of 600,000 sq ft to 700,000 sq ft on all-cash basis. The fund is geared more towards a capital gain rather than income stream, which means cash returns can be relatively modest while values improve as a result of APT's own management expertise.

This year has already been a busy one. In January, the fund announced that it had paid between \$45m and \$50m for Three Penn Center Plaza in Philadelphia, a 501,000 sq ft office building owned by JMB, one of America's biggest syndicators. Substantial improvements are planned. At the same time, APT said that it sold 205 Santa La Salle Street, an 850,000 sq ft office building in Chicago which it had only acquired two years before. APT had no intention of selling so soon but another syndicator offered \$75m for the property, against the \$47m paid for it two years earlier.

Mr Bond admits that the portfolio is "not without its wrinkles" but that ways of ironing them out are being pursued. He says that while, for some of the fund's investors, APT represents their principal foothold in U.S. property, others have several alternative investment channels.

But many potential investors do not have many options open to them. Either they use someone like us or they simply cannot get into what is a highly competitive and complex market."

APT is just closing on its latest issue of units, sponsored by County Bank and Lehman Brothers Kahn Loeb. It expects to have raised another \$20m-\$30m.

M. C.

## Q&amp;A ON USA

Where can you get prime agricultural yields of over 10%? USA  
Where will the world have to look for its expanding food requirements? USA  
Where are agricultural commodity prices closest to world prices? USA  
Which country historically has one of the strongest currencies in the world? USA  
Which country has the largest area of Prime Farmland in the world? USA

## Why wait to investigate? Call... Telephone... Speak...

Leicester Le Sueur or  
Jeremy Helsby in  
Washington DC  
1737 H Street, N.W.,  
Washington, DC 20006  
Tel: (010-1-202) 429 0820  
Telex: 904251

George Inge in the  
West End of London

20 Grosvenor Hill, Berkeley Square,  
London W1X 0HQ.  
Tel: 01-499 8644  
Telex: 263796

to Norman Galbraith in  
the City of London

30 Cornhill,  
London EC3V 3ND  
Tel: 01-626 0431  
Telex: 8953710

## SAVILLS

Agricultural Investment Advisors in the USA

INDUSTRIAL SPACE SALES AND LEASING  
ACTIVITY IN SELECTED UNITED STATES CITIES

	1982	1983	% change		1982	1983	% change
Northeast Region				Southwest Region			
Boston	4.4	4.5	+ 2	Denver	4.4	6.4	+ 45
Northern and Central New Jersey	13.7	17.1	+ 25	Houston	3.0	3.5	+ 6
Philadelphia	9.7	11.5	+ 19	Phoenix	3.8	4.2	+ 11
Midwest Region				Pacific Region			
Chicago	14.1	19.0	+ 35	Los Angeles/Orange Counties	29.4	38.2	+ 30
Cincinnati	1.8	2.6	+ 44	Portland	2.7	3.5	+ 30
Minneapolis/St Paul	4.0	7.4	+ 85	San Francisco	2.7	3.5	+ 30
Southeast Region				Note: Includes buildings of 10,000 sq ft and larger			
Atlanta	5.0	10.6	+112				
Tampa	2.5	5.5	+ 45				

Source: Coldwell Banker Commercial Real Estate Services

## Undergoing change

MORE fundamental changes are occurring in U.S. industrial real estate development than in any other area of commercial land use.

Sizes of buildings are changing, locations are changing and uses are changing. As recently as 10 years ago, the definition of industrial real estate was quite clear — warehousing, distribution, wholesaling, and manufacturing floorspace — and it displayed characteristics which set it apart from other forms of commercial property.

Today, that distinction has become blurred and many traditional "industrial" operations are carried out in accommodation which has much more in common with the office sector of the traditional industrial facility.

According to the Real Estate Research Corporation: "It is increasingly difficult in suburban business parks to determine exactly what is industrial and what is not."

"For a wide range of companies, the lower cost and flexible nature of one and two-story, quasi-industrial buildings prove extremely attractive. Building codes are much less stringent for industrial buildings, so developers can build to industrial specifications, have the property inspected, and then do the tenant finishes for office use."

Today, a single business park can be home to retailing, training, sales and as well as to laboratory, warehousing, distribution, wholesaling and assembly facilities.

The evolution of the

industrial-office hybrid — known around the world as "high tech" — has become a hallmark of the U.S. industrial property sector and an innovation which developers everywhere have started to imitate.

As costs for office accommodation have risen, so many tenants have sought cheaper alternatives capable of providing most of the features found in quality office accommodation. Many companies, particularly

## Industrial property

young and growing ones, make a point of seeking flexible space which is capable of responding to their expansion.

The U.S. industrial market has been having a tough time because of weak demand and surplus space and it is significant that the "high tech" sector not only fared best during the recession but now shows the greatest potential for recovery.

The swollen supply of floorspace which overhung the market in 1982 and 1983 resulted in the virtual suspension of new speculative schemes involving traditional manufacturing and distribution buildings. Many of the projects which did break ground were pre-leased to major companies committed to long-term business

development programmes. Only "high tech" maintained some momentum.

By the autumn of last year, estimates suggested that average vacancy rates for industrial space in the U.S. had reached just over 5 per cent.

There are signs, however, that the economic upturn is beginning to have a significant impact on demand. Some improvement in take-up was recorded during 1983 in most of the nation's major metropolitan areas. But while the outlook appears more optimistic, any recovery is likely to be gradual.

But there is considerable optimism that the worst is over. Growing demand for "high tech" space, combined with restricted supply, could lead to average rental increases of between 10 per cent and 15 per cent during 1984 while the view is that warehouse rents — after falling in 1983 — will generally rebound by anything up to 20 per cent in the strongest markets.

Only rents for traditional manufacturing facilities seem likely to remain unchanged.

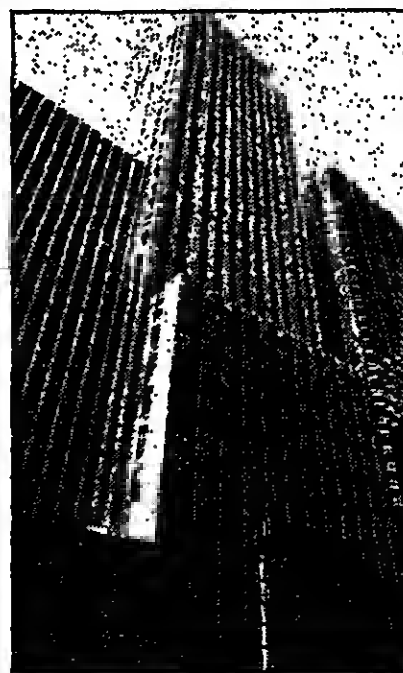
For some installations, demolition will be the only answer, whereas others will lend themselves to renovation. For example, former U.S. Steel plants and Chrysler car works in southern California are being redeveloped as multi-use commercial centres, while several of Boston's old mills are being converted to research and development and office use.

M. C.

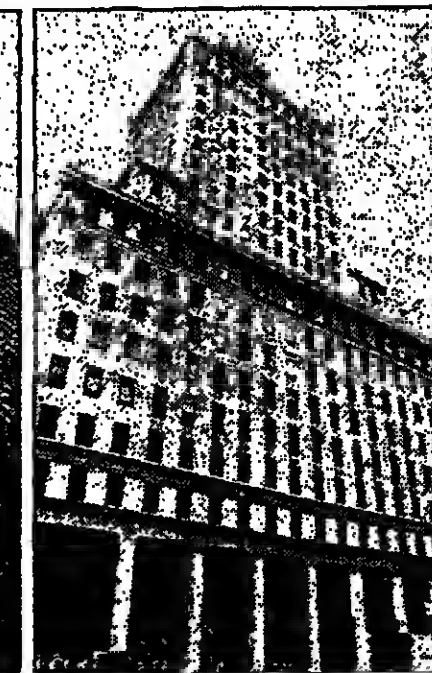
## REAL ESTATE IN THE STATES

## Douglas Elliman Knight Frank

575 Madison Avenue, New York, NY 10022 Telephone (010 1 212) 832 4100 Telex 237867  
Earl Reiss, President



Daily News Building  
Excellent opportunity for important sublease. Renowned Daily News Building at 220 East 42nd Street. Magnificent 360 degree views. Entire 33rd floor. Located in direct proximity to the centre of Manhattan's commuter rail line and underground system.



730 Fifth Avenue  
Unusually fine office space available for sublease. Prestigious Fifth Avenue and 57th Street address. Entire 12th floor in this 26-storey Renaissance-style building, just opposite Trump Tower and a few steps from the Plaza Hotel. Located in the Crown Building, the new home of Club Castel. Term: 1996. On the instructions of the Trust Corporation.



Carlyle Hotel: Madison Avenue  
Outstanding opportunity to rent this excellent tri-level corner shop in the world-renowned Carlyle Hotel, 77th Street and Madison Avenue, New York City. Selling basement, street level and upper floor totalling 335 sq. metres of prime selling space. Possession: June 1984. Long term lease available.

Part of the Knight Frank & Rutley Group  
Head Office: 20 Hanover Square, London, W1R 0AH Tel: 01 629 8171 Telex: 265384



Southampton, Long Island, New York  
A classic "cottage" on 2 1/2 acres with swimming pool and tennis court in the heart of renowned Southampton Village, Long Island, New York. Just a few thousand feet from America's finest beaches, and only two hours from Manhattan. Large living room, formal dining room, paneled library, each with fireplace, children's or servants' hall. Four guest bedrooms each with bath, beautiful master suite with fireplace in both bedroom and bath-dressing area. Outstanding value in one of America's most desirable international communities. Tel: Cynthia Gay.



32 East 70th Street  
Between Madison and Park Avenues, New York City. A wide limestone turn-of-the-century mansion with six wood-burning fireplaces. Five floors with penthouse. Elevator and electric dumbwaiter. Tel: Mrs. Sylvia French.

## Douglas Elliman

Headquarters: 575 Madison Avenue, New York, NY 10022 Telephone (010 1 212) 832 4100 Telex: 237867

M. C.



## NORTH AMERICAN REAL ESTATE IV

On this page and the next FT writers examine six top U.S. markets

Healthy market  
a long way off

## Houston

MOST U.S. office markets of any consequence would be more than happy with an annual absorption rate of between 8m and 9m sq ft. But most office markets are not Houston.

For although the absorption rate in America's oil and petrochemical capital is running at that level—and rising—the extent of the city's oversupply means that the return of a balanced, healthy market remains a long way off.

In addition, estimates by Richard Ellis suggest that, in terms of net absorption, the amount of office space taken up in 1983 was only 3m sq ft, down by more than 50 per cent from the previous year. The huge gap between total leasing activity and net take-up

resulted from tenants shopping the market to consolidate their operations, to upgrade location and to take advantage of a weak market by striking better leasing arrangements.

Although it is difficult to draw together conclusive figures for such a fragmented market, the likelihood is that Houston now has something between 35m-40m sq ft of empty office space.

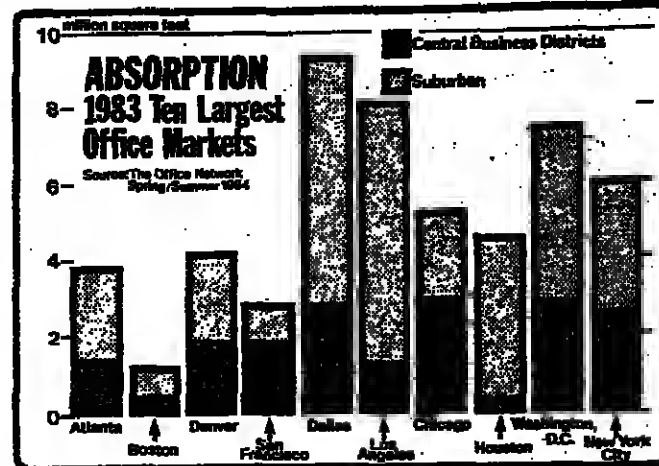
The massive oversupply was the direct result of the city's phenomenal economic growth during the 1970s, brought to an abrupt and painful end by the worldwide oil glut and overall fall in U.S. energy demand.

Houston's total existing stock of office space is put at 136m sq ft by Coldwell Banker with about 36m sq ft of the total located downtown. By the end of 1983 the downtown vacancy rate stood at around 13 per cent, and is likely to peak at a little under 20 per cent later this year, while in some suburban markets the rate is up to 30 per cent.

Downtown rents now stand at around \$20-\$25 a square foot for prime space, against \$30 a square foot at the peak, while suburban rents stand between \$12 and \$18 a square foot.

But in a market where the real estate is sometimes hard to define, free rental periods remain well in evidence, often exceeding 20 per cent of the total term of the lease.

David Gruber, president of MCB American Properties, which owns two office schemes in Houston and is planning a



joint venture development once the climate is right, says the take-up this year is likely to be around 8m sq ft, only half it was in 1981.

Some locations, like West Chase, are disaster areas because developers went over the top and built irrespective of demand or tenant needs. Owners of some buildings will time to recuperate. There is a very steady reduction in vacant space in best quality properties and a good sign is that investors are again becoming interested. Some had properties which will be empty for a long time, whereas once they would have gone overnight.

## Solid

Michael Birnie of Coldwell Banker also believes the picture is improving, though he accepts that the market will take some time to recuperate. "There is a very steady reduction in vacant space in best quality properties and a good sign is that investors are again becoming interested. Some had properties which will be empty for a long time, whereas once they would have gone overnight."

## Recovery in full swing

CHICAGO's notorious winds bit deep during the U.S. recession, provoking widespread corporate retrenchment, pushing unemployment up beyond the national average and creating a massive over-supply of commercial office space.

In 1982 the downtown office market absorbed around 1.5m sq ft of office space, compared with a historic take-up rate of between 2.5m sq ft-3m sq ft. Confidence hit a new low when Chicago-based Real Estate Research Corporation suggested there was enough downtown office space available to meet normal requirements for the next 11 years.

There was no disputing the market was in a poor way, even if the extent of the crisis was arguable, but now most observers believe that the recovery which first showed itself towards the end of 1983 is in full swing.

Len Adams of Richard Ellis in Chicago says that the worst of the crisis was behind the city, but the huge over-supply has become more manageable. A number of major buildings in which tenants had shown little interest have already moved into the 40-60 per cent leased-up bracket, he says.

The improvement in the local economic climate reflected an upturn in fortunes for many of Chicago's traditional, basic industries, including agricultural machinery and machine tools. At the same time, the growth of the city's financial and professional services helped stimulate fresh demand for downtown accommodation.

Most improvements in office demand last year came from the financial sector, notably the expanding Chicago Mercantile

Exchange and affiliated organizations, companies associated with the AT & T break-up, law firms and accounting firms.

## Chicago

Gary Beban, regional manager for Coldwell Banker, agrees that the outlook is improving. "Of the total downtown stock of around 82m sq ft, we calculate that about 6m sq ft is now available. That implies a supply of between two and three years, given past rates of absorption."

"The market, therefore, still has problems but it is picking up quite strongly and we expect a further improvement on the 2.5m sq ft take-up rate achieved last year."

But although space take-up was considerably higher, so was the supply of new accommodation. By the year-end, the vacancy rate for downtown office space had risen from 3.25 per cent in January to 11.25 per cent.

Out in the suburban office markets, which play an increasingly important role in Chicago's total commercial real estate inventory, 1983 was an encouraging year, with absorption passing a record 3.5m sq ft—more than 50 per cent greater than the rate recorded downtown and the first time the suburbs have outperformed the central business district since 1981.

Much of the space was taken in big blocks by companies

involved in telecommunications, business services, computer and other technology-related industries.

The suburban areas have achieved enormous growth in recent years—with locations like Oak Brook to the west almost completely built out—because of lower accommodation costs and environmental advantages. Despite the large volumes of available space, the supply of prime accommodation is becoming restricted and much of the 4m sq ft of new suburban office space in the pipeline is being developed to the highest standards, invariably by institutional investors.

Downtown, where concessions have played a major role in the lettings market and effective rents hover around \$20 a sq ft, there are several development schemes proposed, some of which will help the continued expansion of the original "loop" office market.

Oxford Group, the Canadian developer, is planning a 1m sq ft-plus scheme on Dearborn north of the Chicago river in a "pioneer" location, although it has a lead tenant lined up.

Mobil plans a 2m sq ft project between Dearborn and State. Tishman Midwest is set to start on a scheme which could prove a 2m sq ft project of the River on the site of the Northwestern railway terminal and local developer John Buck plans a major office scheme on La Salle Street.

According to Beban: "The outlook is encouraging, more than for several years, though we would like to see another year's absorption before all these new schemes got underway."

M. C.

Retail centre  
highly active

## San Francisco

SAN FRANCISCO, the city by the sea which tops the popularity polls with foreign visitors and foreign investors alike, is perking up on the property front.

A critical shortage of space in the central business district in the three years up until 1982 saw prime office rents more than double and triggered off a fresh wave of new development activity.

But the new space coincided with the arrival of a softer economy and the decision by traditional city occupiers to relocate to less expensive areas. Rents fell back from their \$45 a sq ft peak and the market slowed down.

Last year, however, demand once again began to increase, vacancy levels fell and rents firmed up. Tenants taking full floors in prime buildings can now expect to pay rents in the high \$30s—low \$40s.

Few people doubt that San Francisco's status as the western regional financial centre of the U.S. and its role as an international trade centre will not continue or that demand for commercial accommodation will expand.

Knott Realty, the Canadian agents with offices in San Francisco, calculate that downtown San Francisco has a 5.5 per cent vacancy rate calculated on a total office stock of nearly 25m sq ft.

The agents suggest that, with demand averaging about 1.5m sq ft annually over the past five years, the supply of available space represents slightly less than one year's supply.

Knott also forecasts that, given a continuation of current take-up rates, new supply in the pipeline will fall short of demand and that the end of 1985 will see a downtown surplus of only 240,000 sq ft. Beyond that date, however, projected new development will push vacancy rates back up to around 5 per cent.

Richard Ellis also identifies

a closing gap between supply and demand. "Environmental restrictions and the scarcity of developable land will continue to limit development activity. In the short term, the improving economy should lead to absorption of available office space, while a new round of rent increases is likely in the longer term due to slow development of additional space."

Bob Beemer of Jones Lang Wootton says the accumulation of a new downtown office development plan by the city planning department has finally removed some of the uncertainties surrounding development opportunities in the city.

## Uncertainty

"The new blueprint will clear the air after a long period of uncertainty. The proposals, which will allow the transfer of development rights from some historic buildings to other properties, is seen as a positive indicator of what can be done and what will be permitted. Most expansion will now have to come from the Market Street."

Beemer says that overseas investment interest in the local property market remains high, with Arab banks leading the way. "The prime locations, like California Street and European Square, competing for 'flagship' buildings, interest in the part of Canadian and Chinese investors," he notes, has slowed down.

The retail sector could provide some excellent investment opportunities. The city's downtown retailing district has become one of the most active and highest-priced markets in the U.S., with around 5m sq ft of retail space and rents up to \$110 a sq ft.

Elsewhere in the Bay Area, several new shopping malls are in the planning stage, despite the planning problems which seem ever-present in this part of the country. Planning difficulties mean that refurbishment of existing retail centres is likely to become increasingly common.

M. C.

**FRANK**  
115 Simcoe St. S., P.O. Box 87, Ontario, Canada L1M 7H1  
(416) 576-4171 or (416) 483-7250, Telex 06-961343  
**INDUSTRIAL LAND — OSHAWA, ONTARIO**  
1-acre parcels, fully serviced and ready to go. Asking \$30,000 to \$45,000 per acre. The City of Oshawa's Supervisor, Lindsay Park, overlooking Lake Ontario. Buildings under construction.  
Call or write to W. FRANK REAL ESTATE LIMITED  
Industrial, Commercial & Investment Department

**REPRESENTING EUROPEAN BUYERS OF U.S. REAL ESTATE**  
We broker prime properties  
\* Office Buildings \* Factories \* Shopping Centres  
Contact Peter Wilcox  
**WILCOX REAL ESTATE CO.**  
36 East 23rd Street, New York, NY 10010, USA  
OR CALL AND REVERSE THE CHARGES (212) 674-9828  
Write Box 76941, Financial Times, 10 Cannon Street, London EC4P 3DF

**CITICORP Real Estate Inc.**  
345  
The Oxford Group is behind Citicorp Plaza, the first 900,000 sq ft phase of which is largely pre-let to Citicorp and other identified tenants. The overall scheme will provide 3m sq ft of office space and there will also be two new department stores. The downtown office investment market remains very strong, with aggressive competition reported for any prime acquisitions. Properties in the \$20-\$50m range scarcely hit the market and, in a distinctly European trend, buyers are prepared to purchase on an income flow basis at initial yields of under 5 per cent.

M. C.

**ROSE ASSOCIATES**  
Builders, Owners, Managers, Consultants and Owners' Representatives  
New York • Boston • Washington

380 Madison Avenue, New York, N.Y. 10017 • Telephone: (212) 210-6666

**Sinclair Goldsmith Inc.**  
Chartered Surveyors

International Real Estate Consultants have moved to

630 Fifth Avenue New York, N.Y. 10111

Telephone: (212) 333 3232  
Telex: 968549 • Telecopier: (212) 333 2167

FOR SALE BY  
THE UNITED STATES GOVERNMENT  
PRIME COMMERCIAL SITE

APPROXIMATELY 500 METRES FROM THE UNITED STATES CAPITAL

2± acres, frontage on 2nd, E, 1st, and D Streets, N.W., Washington, D.C., and 2 buildings (185,000 and 4,300 square feet). Ideal location for hotel, office building, or mixed use development.

TERMS: Cash or 25% down, 3-year balloon note; interest rate will be based on yield rate of 10-year Treasury Maturities plus 1½% rounded to nearest ¼% as of date of acceptance of bid.

Public auction sale will be held at 11.00 a.m., local time, on April 25, 1984, at the General Services Building Auditorium, 18th & F Streets, Washington, D.C.

For further information and the required Invitation For Bids, contact:

GENERAL SERVICES ADMINISTRATION OF  
THE UNITED STATES GOVERNMENT  
DISPOSAL DIVISION (4PD)  
75 SPRING STREET, SW  
ATLANTA, GEORGIA 30303

As a result of continuing expansion, Rush & Tompkins are moving their U.S. Headquarters on 1st May 1984 to...  
The Commerce Center,  
1820 Chapel Avenue West,  
Cherry Hill, N.J. 08002.

**PROPERTY DEVELOPERS AND INVESTORS  
DEVELOPMENT, CONSTRUCTION AND  
PROPERTY MANAGERS FOR U.S. AND  
FOREIGN INVESTORS  
INTERNATIONAL FREEPORT AND  
FOREIGN TRADE ZONE CONSULTANTS**

Enquiries to:  
Harry Cash CSM, President, Rush & Tompkins  
Holdings Inc., Suite 1, 3440 Bartram Avenue,  
Philadelphia PA 19153 Telephone 0101-215 365 5010  
Telex: 476 1172 RT/USA

Peter Trew, Director, Rush & Tompkins Group plc,  
Marlowe House, Station Road, Sidcup, Kent  
Telephone: 01-300 3388 Telex: 896311 Task

## A Quiet Feeling Of Belonging

The beauty of the apartments, the luxury of the lobby with helpful round-the-clock concierge and doorman, the exceptional amenities of the glass-enclosed Skyline Leisure and Health Club with swimming pool, sauna, exercise rooms and sun deck, the Skyline Lounge for intimate or formal parties and meetings... this is the 43-story Dag Hammarskjöld Tower—not merely one of New York's most distinguished condominium buildings, but a residence that respects your privacy and complements your life style.

New York's Distinguished  
Condominium Residence

**DAG HAMMARSKJÖLD TOWER**

240 East 47th St., N.Y. 10017

One block from the United Nations. New fully completed  
Studio 1, 2 and 4 Bedroom Apartments \$184,500 to \$1,089,000  
Models open daily and weekends by appointment  
(212) 759-8844 Telex 237-867

Selling and Managing Agent: Douglas Elliman-Gilbertson & Ives, Inc.

A development of R.H. Sander Projects Inc. The complete offering and terms are in a prospectus available from the sponsor \*at additional cost

مكتبة لائل



## NORTH AMERICAN REAL ESTATE V



Downtown Manhattan: big swings in the supply/demand cycle in office property have brought periods of rapid growth and frustrating stagnation

Profile: Bernie Mendik

### Bronx man who rose to the top

BERNIE MENDIK was born in Scotland, raised in the Bronx, and now sits on top of a commercial real estate portfolio worth over \$1bn.

A lawyer by training and an irrepressible coxswain by inclination, Mr Mendik has become one of New York's best-known real estate investors and developers, and claims to be the city's largest single buyer of office property.

As president of Mendik Realty, which he formed in 1978 after a 20-year partnership with Larry Silverstein, Mendik has continued to build up a string of property ownerships which embrace some of New York's best-known buildings.

The portfolio is owned either directly by Mendik or by partnerships and joint ventures in which he is the managing general partner. His partners include some private individuals and some of the country's major institutions, like Equitable Life Assurance and Chase Investors, a Chase Bank subsidiary.

In New York City and Connecticut, Mendik controls over 7m sq ft of office buildings and when these properties are added to his other holdings, the total rises to around 9m sq ft.

The properties include such landmarks as Two Penn Plaza, the 15m sq ft office building on Seventh Avenue which Mendik bought in the face of tough competition from other real estate groups. The portfolio also embraces



Bernie Mendik: irrepressible coxswain

Eleven Penn Plaza, the former Equitable Life headquarters on which Mendik has spent \$11m simply to restore the lobby to its former grandeur.

Other properties under the Mendik banner include 300 Third Avenue (1.8m sq ft), the Sperry Hutchinson building on Madison Avenue (770,000 sq ft), the UN office building at UN Plaza (250,000 sq ft), 20 Broad Street (475,000 sq ft).

Mendik says his company's principal philosophy is to pick up property with big management potential, offering opportunities for refurbishment and for improvement in the quality and mix of tenants.

"To develop new space in this city you are talking about \$50-\$60 a sq ft and it can take three to five years to get it completed. That is not to say we have ruled out new schemes but there are opportunities for buying properties which have been underperforming."

"While it is probably true that you have to buy three square feet of existing property to come out with the same profit if you build one square foot, I can probably buy 5m to 6m sq ft of space in the time it would take me to develop 1.5m sq ft in New York City. And the risk is so much greater if you build."

But Mendik is not in the market for buying top rented property. "My objective is to buy real estate and I'm willing to pay all cash for it, but it's got to be at the low end of the market. Even if I buy a property with average rents of \$11 a square foot and can bring them up to \$15 a square foot, that's good. If we can get them up to \$30, that's incredible."

Mendik says the rental average across the whole portfolio now stands at about \$15 a square foot but the average value is nearer \$20 a square foot. In Eleven Penn Plaza, he has raised the annual rent revenue from \$2m to \$15m in just three years, by sorting out the mess and stepping up the quality of the accommodation.

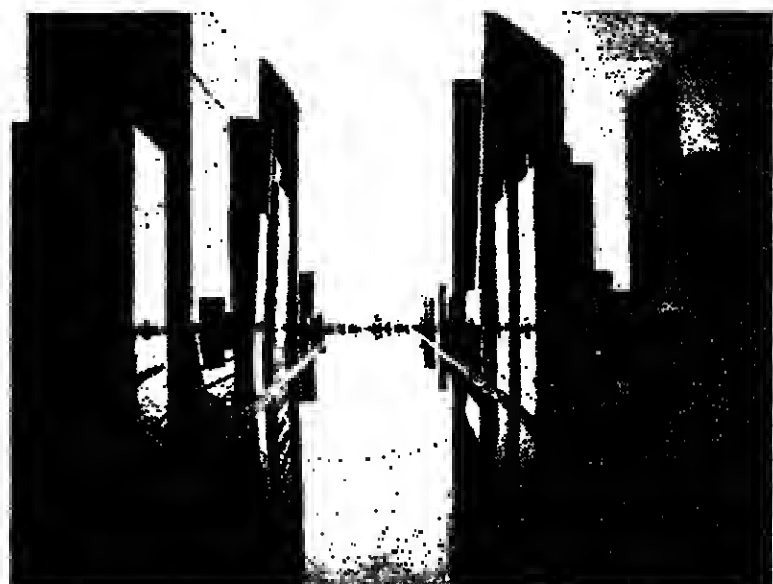
Undeveloped value is clearly the keyword for a company operating in a city where competition for any useful real estate investment is cut-throat. As for interested foreign investors: "They have a lot more capital than they have expertise. They have to be up very early in the game."

M. C.

## We've bought \$1.4 billion worth of U.S. real estate in the last five years

The clients of Jones Lang Wootton are pension funds, insurance companies, banks, property companies, developers and individual investors, both domestic and international.

As one of the leading real estate investment management organisations in the world, our strength comes from the special combination of our worldwide network of offices, our day-to-day involvement in the marketplace, and our multi-disciplined approach. All the skills needed to buy, manage and develop properties (and sell them when appropriate) for our investment clients are provided by our professional staff. Every transaction is handled under the supervision



and control of a partner. Our clients are kept closely informed on the status of each transaction and meet frequently to discuss market conditions and strategy recommendations. As

real estate financial advisors, we negotiate the best possible terms in a timely and professional manner. Shouldn't you learn more about our investment services? A call to any one of our offices will bring further information.

**Jones Lang Wootton**

London New York Los Angeles Houston Washington San Francisco  
40 offices worldwide

## How Manhattan sprung another surprise

### New York

ANYONE WHO, for one moment, doubts the Manhattan office market's inherent strength and capacity to surprise need look no further than the 82 acres of reclaimed, downtown land lying in the shadow of the World Trade Centre.

When Olympia and York revealed, in early 1981, final design proposals for its plan to develop 6m sq ft of office floorspace on the site, New York real estate men grimaced and wished the adventurous Canadians the best of luck. Manhattan was a voracious consumer of office space but perhaps this was asking too much.

Three years later, the first elements of the imaginative, Cesar Pelli-designed project are rising high above the ground and the World Financial Centre is fast taking shape.

Already, several major tenants are lined up and any lingering doubts about the scheme's success have been swept away with news that Merrill Lynch is lined up for what must be one of the single biggest office lettings on record.

Initial suggestions were that the firm might be taking up to 2.5m sq ft in the scheme but now appears that they could sign up for as much as 4m sq ft. If the deal goes through, Olympia and York's gamble will have paid off (though much will depend on the terms of any agreement) and Manhattan will again have proved its detractors wrong.

The island's office market has traditionally been as volatile as it has become valuable. Big swings in the demand-supply cycle have brought periods of

rapid growth—rents rose threefold in the five years up until the end of 1981—and frustrating stagnation.

The market as a whole comprises the world's largest concentration of office space, with around 250m sq ft of floor-space. Changes in assessing rentable square footage have apparently put the statistical figure up to 300m sq ft.

Two-thirds of the space is located in the midtown area, with the balance downtown. In the past, the two markets have invariably performed differently and, in contrast to the City-West End relationship in London, it is the midtown area rather than the financial district which has fared better and become the more costly location.

### Differentials

An interesting trend, however, has been a clear narrowing of rental differentials between the two markets. Today, prime midtown rents for sizeable space stand at around \$50 a square foot compared to \$40-\$45 a square foot downtown.

According to John White of Landauer Associates, the differential at one stage reached \$15 a square foot but is now at one of its lowest-ever points. At least part of the reason is the rapid growth of New York's financial services sector which has given the downtown market a frost-free demand for accommodation.

Overall vacancy rates in Manhattan are now estimated to stand at around 4-5 per cent, compared with peaks as high as 13-15 per cent. The prospect is that, if anything, the rate will fall further as the economic recovery stimulates demand.

With oversupply limited and Manhattan's absorption rate likely to run close to historical levels (around 6m sq ft a year) for the foreseeable future, the

prospects for rental increases look high.

Simon Mide, of Jones Lang Wootton in New York, says the soft leasing market of 1983 has firmed up and rents are back up to 1981 levels, having fallen by anything up to 20 per cent below the previous peak.

"Midtown appears to be stronger than downtown and by the end of this year most of the current generation of midtown space will have been leased up. I expect rents to show around 10 per cent growth during 1983, with modest shortages of space arising in 1984."

Coldwell Banker feel downtown is a much more dynamic market in terms of construction than midtown and it is here that the big leasing deals will now come.

They believe demand is likely to rise more quickly than some of their competitors suggest and predict that prime Manhattan rents could be as high as \$75 a square foot by 1986. The projection may represent a minority view but few people doubt the market is in for a period of sound growth.

In the investment market, the imposition of a new state capital gains tax has further reduced the incentive for owners to sell and the volumes of investment finance continues to chase the tiny number of quality properties coming on to the market.

With most obvious Manhattan sites now developed, new buildings rarely provide the answer for the frustrated developer. One option is the regeneration of those parts of the island which have traditionally been neglected. South of 42nd Street, as far down as the 'teens, large areas remain undeveloped and underpriced.

Many people believe that locations like these will inevitably come into their own.

Michael Cassell

## Thriving office market

### Boston

BOSTON RANKS well down the pecking order in terms of size yet its local property market is one of the healthiest in the country. The rents are higher than most and, in spite of an additional 4m sq ft of new space scheduled to come on stream over the next year or two, developers are much more relaxed about Boston's ability to absorb the new capacity than they are about most other well-known U.S. cities.

"Last year was spectacular for the downtown Boston office market with roughly three times the activity of 1982," says Steve Davis of Julien J. Studley's Boston office.

According to Studley's data, in 1983 compared with under 1m sq ft a year ago. The total, 1.6m sq ft involved leaseings of space in new buildings, which was an increase of 161 per cent on the 1982 figure.

A look at some of the deals of 1983 gives a clue to why Boston's property market is so healthy. Among them IBM's decision to lease 200,000 sq ft at the new Copley Place development, New England Life's leasing of 100,000 sq ft at 399 Boylston Street, lawyers Levin Cohen's leasing of 100,000 sq ft at One Financial Centre and Massachusetts Mental Health's lease of 80,000 sq ft at 150 Tremont Street.

The majority of the new leasing involved new buildings, but there was also plenty of activity in rehabilitated buildings. John Sander, one of the growing band of foreign developers and investors active in Boston, finished leasing 45 Milk Street, in the heart of the financial district. Hambrecht Quist, T/A Associates and Boston Ventures, familiar names in the venture capital business, are among the major tenants.

anniversary, is one of the most profitable and successful banks in the U.S. Its growth has whetted its appetite for new space in the downtown area.

Boston is the home of the U.S. mutual fund industry and groups such as Fidelity appear to have offices in virtually every street of the financial district. Boston law firms and insurance companies are major employers in the financial district and the city's lively venture capital industry is another growing user of downtown office space.

The city is the leading U.S. educational centre and probably the leading medical centre. The resulting medical and auxiliary service companies are all fueling the demand for space.

The two main downtown areas in the property market are the financial district with about 80m sq ft of existing office space and the Back Bay area with another 7m sq ft. Over 8.5m sq ft of prime office space has been built or renovated since the mid-1970s and there are suggestions that another 12m sq ft could be added by the early 1990s.

Some 2.8m of the 4.0m sq ft coming on to the market within the next two years is in the financial district with the 1m sq ft One Financial Centre due to take its first tenant in April and the 1m sq ft Exchange Place, being developed by Olympia and York, likely to be ready later this year.

According to Studley, rents for first class space have been rising in recent months in spite of the inflow of new space. The average rents for new space in 1983 which includes rehabilitated buildings was of the order of \$35.50 per sq ft and John Sander, a broker with Studley, says that although it is early days yet, the market is talking of \$36 to \$37 this year.

William Hall

Parker  
May & Rowland

THEIR AFFILIATED  
IN THE U.S.A.

WER  
VE COUNSELORS

NEW YORK  
Los Angeles



## NORTH AMERICAN REAL ESTATE VI

## Doubts surround future pace of recovery

## U.S. Housing

U.S. homebuilders have witnessed an almost unprecedented turnaround in the residential market in the last two years.

After surviving the ravages of the recession, U.S. residential construction companies are riding a roller coaster of soaring orders, sales and profits as the U.S. economic recovery continues apace.

But the recovery figures disguise some striking regional differences. Perhaps more significantly, some economists question how long the current

pace can be maintained and are concerned about whether higher U.S. interest rates could prematurely choke off demand—or whether structural changes in the mortgage market have reduced cyclical volatility.

The U.S. housing market went sour with the recession in 1981. The collapse in market confidence—and in prices in some areas of the country like California—was so severe that it brought many U.S. savings and loan associations, the traditional mortgage providers, to the brink of bankruptcy. Many others failed.

The balance sheets and earnings of many of the financial institutions which lent heavily to the market—including major banks like Crocker National, the West Coast bank owned by the

UK-based Midland Bank group—still bear the scars of the recession.

In 1982, at the low point, new private housing construction dropped to a 36-year low. That year just 1.06m new homes were started.

But the consumer led recovery which began in August 1982, fuelled by tumbling interest rates, sent house prices and demand soaring. By January last year the U.S. prime borrowing rate had fallen from 16.5 per cent to 11 per cent in just five months end, marking step, mortgage rates had come tumbling down.

By the third quarter last year, with the first, and it now seems premature, indications of a slowdown in the pace of economic expansion new and

existing home sales were running at annual rates of \$75,000 and 2.7m respectively, a 50 per cent improvement over the previous year.

As short term U.S. interest rates began to firm slightly during the final quarter the market slowed slightly. Nevertheless, figures for the full year showed a 60 per cent increase in new residential construction starts to 1.7m units. For the U.S. homebuilders the good times appeared, at last, to have arrived.

Reflecting this the sales, profits and share prices of the major U.S. residential construction companies soared. For example, U.S. Home Corp., the largest U.S. housebuilding company, reported a 128 per

cent increase in net income last year to \$27.6m on revenues which increased by 33 per cent to \$1.15bn and its share price rebounded from a low of \$5.50 a share in mid '82 to \$7.50 a share, after adjusting for a share split, at the end of last year.

At the same time the median price for a new single family home increased from \$63,500 in 1982 to \$69,400 last year and the median price for an existing home increased to \$82,700 from \$67,900—both comfortably outstripping inflation.

But the broad construction, sales and price figures nevertheless disguise some less rosy trends. In particular industry figures suggest home ownership in the U.S. may have peaked.

Statistics prepared by St. Regis, one of the leading producers of construction products for the industry, suggest the number of households owning their own homes topped-out at 64.4 per cent in 1980 and has declined marginally since then.

Equally significantly the U.S. housing market continues to display distinct regional differences. For example the F. W. Dodge division of McGraw-Hill construction services review of the 1983 new construction market revealed a continuing strong surge in the sunbelt states—even though the Houston market, ranked second after Dallas-Fort Worth, actually showed a 9 per cent decline from the strong 1982 year end total.

A similar patchy picture emerges when rents are compared to sale prices. For example a study by the Corecon Group of Manhattan published earlier this month showed that while prices of luxury co-ops and condominiums in Manhattan increased by 20.13 per cent last year, rental prices declined by 2 per cent (to \$2,355 for a basic two bedroom apartment).

The key uncertainty for the industry—and the prospective homebuyer or seller—remains the future performance of the U.S. economy and in particular—of U.S. interest rates.

After seasonal distortions in December and January the latest Commerce Department residential construction figures show February construction of new homes and apartments in the U.S. surged by 11.2 per cent to an annual rate of 2.2m units—its highest level for nearly six years.

While the slight uptick in U.S. interest rates last autumn appeared—at least initially—to slow the market, the more pronounced uptick in rates since mid January has yet to show through to the housing sector. Indeed the degree to which it will impact house construction is the subject itself of a lively debate.

Most economists believe that a sustained upwards drift in rates—or in prices caused by the type of short supply that exists in some markets currently—will slow the boom.

Manufacturers. Hanover Bank pointed out last month that the current high demand for new homes has left builders with less than four to five months supply—the lowest for more than 12 years. This could put sharp upward pres-

sure on prices at the same time that base mortgage rates—currently around 13.5 per cent—are increasing in line with other short-term rates.

Offsetting this however some bank economists and industry participants, like Coldwell Banker, believe employment growth and a continuing population growth in the crucial 25-44-year-old age group will sustain demand.

"Continued healthy income growth should keep rising house prices and mortgage rates from causing any significant reduction in affordability, while a growing number of households will add to the strength of demand," says Joan Schneider, an economist at Chicago's Continental Illinois Bank.

The ultimate "wildcard" could, however, be the unprecedented change in the U.S. mortgage market. There has been a dramatic shift in the U.S. since the last recession from fixed rate to adjustable rate mortgages.

While variable rate mortgages are virtually standard in many countries, including the UK, they were until recently, an anathema in the U.S. This itself was one major factor explaining the plight of the U.S. S and L industry which found itself trapped in the early 1980s by the soaring funding costs representing the interest rates demanded by depositors and their relatively low fixed-rate mortgage income.

Part of the recent turnaround in the U.S. mortgage industry, including the S and L's, is explained by the radical shift in the U.S. mortgage market. S and L's have proved themselves willing to assume more credit risk and less interest rate risk.

Together with the banks they have spearheaded a highly successful campaign to persuade new mortgage customers to accept adjustable rate mortgages—usually indexed to an interest rate series like government industry bills—and often incorporating "flits" (steps) in the maximum allowed interest rate adjustment in a specified period.

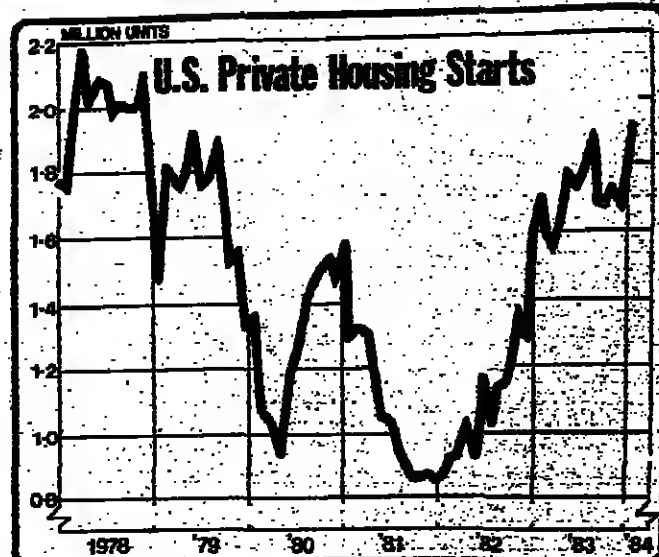
Because of the lower initial rates afforded by adjustable mortgages many prospective home purchasers have opted for the "new" format. Some estimates suggest that in recent months three out of every five new mortgages have been of the adjustable rate variety. In addition some analysts believe the switch has led to a significantly larger number of U.S. households being able to qualify for loans.

According to Salomon Brothers, the Wall Street investment bank, the number of households qualifying for an adjustable rate mortgage has increased by 24m, from 21m compared to 24m for fixed rate mortgages at 13.5 per cent.

Mr Joseph Hu, of Salomon Brothers, says this could "significantly alleviate the negative impact of rising long-term rates on housing affordability."

The relative recent introduction of variable mortgages in the U.S. makes it difficult to assess their impact on the market. While adjustable rate mortgages do appear to have had a (positive) dampening effect on market perceptions the overriding attention of the industry, and its customers, is still focused on more traditional measures such as the performance of the economy, income growth, inflation, home prices and the psychological impact of a renewed round of rising interest rates.

Paul Taylor



## We've been developing the same piece of real estate for 125 years.

The Equitable has been an innovative force in U.S. real estate since we built our first headquarters in 1871. It was the first building in New York to have an elevator.

We've moved up since. Now The Equitable has over

\$19 billion invested in every kind of venture from hotels and malls to office towers and industrial parks. We're in every state and every major city coast to coast.

We build, own, manage, fund and finance. Although our portfolio is spread out in geography and diversity, we're not spread thin.

With \$50 billion in assets we operate from a huge capital base. And our partnerships with other leading developers and managers—Tishman Speyer Properties, The Continental Companies, CIGA-HOTELS, Arvida and Kravco—help us carry even bigger clout.

Recent equity investments have included the Ala Moana Shopping Center in Honolulu, 333 Wacker Drive in Chicago, the Trump Tower in New York, Levi Strauss World Headquarters in San Francisco, the Mandalay Four Seasons Hotel outside Dallas and Union Bank Square in Los Angeles.

And if there's one thing we've learned in the past 125 years in real estate, it's that next year promises to be even bigger.

THE EQUITABLE

The Equitable Life Assurance Society of the United States, N.Y.C.



## Toronto's space supply dwindling

## Canada

TORONTO is now established as the business and financial base of Canada, with substantial U.S. and overseas connections, so it has ridden the recession much easier than other Canadian cities and is further along the road to recovery.

Some 3.5m sq ft of office space was absorbed in 1983, according to brokers A. E. LePage. This was twice the 1982 level but back that of 1981.

The city is still a tenant's market, however, with rents (including incentives) some 20 per cent lower than in 1981. Surveyors Drivers Jones put the level at the end of 1983 at around C\$24 a sq ft (net) for prime downtown space, although this falls to \$9 for suburban Class A space.

Some 6m sq ft came on to the market last year, edging up to 9 per cent. But only 1.5m sq ft is due for completion this year in the high-demand and absorption is expected to be slightly higher than this.

Increasing pressure from both Canadian institutions and foreign investors has made Toronto a seller's market for prime investments. Much of the downtown potential is tied up in the hands of a few developers and funds, making the supply even tighter, particularly for properties worth more than C\$10m.

Yields would be 8½ to 9½ per cent for a fully let \$10m downtown building. Drivers Jones, buying prime office and shopping, say clients are advised at 16 per cent, providing a one-third premium over risk-free, long-term stocks.

The subsidiary of British-based Hammerson has remained active through the purchase of the best assets of Mascan, vehicle of the legendary developer Bruce McLaughlin, with a 247m British share placing and assumption of 297m of mortgages and debt. The star of the portfolio is the 1.2m sq ft Mississauga shopping centre.

Hammerson has also let a third of its 235,000 sq ft University Avenue office block. But Sydney Mason, the chairman, says the market is tough, with developers cutting rents to fill big schemes.

The industrial market is still a problem, but with production rising again absorption and rents have edged up. Speculative development may restart if the 27m sq ft of empty stock falls below 20m sq ft as

expected in 1984.

Vancouver, in Western Canada, has weathered the recession better than the oil-based economies of Calgary and Edmonton. The resurgence of the North American housing industry has had an inevitable effect on the economy of the region because of the importance of lumber exports.

A. E. LePage reports a possible shortage of downtown office space by next year, but London-based surveyor David Bayly, who spends much of his time working on the West Coast, says the traditional cyclical pattern of Vancouver development could mean a glut in two years.

This is exacerbated by a sluggish letting market, with prime rents being held at C\$30 to \$25 a square foot only with difficulty.

Vancouver is less insulated than the other Canadian cities in terms of real estate investment. Hong Kong and Asian money has flowed across the Pacific for some time and there is a traditional British presence in companies like Grovesnor International, Laine Properties and Country and New Town. British funds are also in evidence, but have to fight tooth

and nail with home institutions for a diminishing number of prime investments.

## Partnership

Northwest Freeholds, a vehicle run for Grovesnor and several British pension funds, has paid more than C\$100m for the 600,000 sq ft Bank of Nova Scotia building, which includes shopping, on the corner of West Georgia (the prime banking street) and Granville (the prime shopping area). The rent roll is about C\$3m a year with some reversion over five years.

Grovesnor's development arm also has a 200,000 sq ft office block rising on Georgia Street in a partnership with Bullfinch International.

The Canadian subsidiary of Country and New Town, meanwhile, has transformed a 15 per cent slice of a ground lease on West Pender into a safely-guaranteed 50 per cent of the new 180,000 sq ft office block on the site, with a five-year rent guarantee, all for a net cost of about C\$3m and fixed interest funds from Maritime Life.

Bayly Associates represented C and NT. Imbrook, the development partner, is showing the typical

Canadian institutional confidence in Vancouver, says Bayly. He advised the Bank of British Columbia, for instance, in the leasing of its West Georgia site to Imbrook for a 400,000 sq ft office and banking development. The bank will lease back a third and receive a C\$2m annual ground rent plus a substantial slice of future rent income.

Calgary has typified the fall from grace of the Canadian oil industry. Prime downtown office rents have collapsed from C\$30 a sq ft three years ago to around \$10/12 and there are strong indications that those British funds who became involved in the boom years are scurrying to unload buildings.

The former boom town illustrates the observations of Christopher Jones, who has been buying investments for Canadian clients in Canada since the early 1970s through surveyors Drivers Jones, that some development in North America was being budgeted on future rents. When oil prices fell, so did rents and the reverberations are still being felt by some stranded development companies.

David Lawson

**HEALEY & BAKER**  
in conjunction with  
**GUINNESS PEAT PROPERTIES INC.**  
seek joint venture development  
opportunities from 100,000 sq ft  
upwards throughout the Continental USA

Over 600,000 sq ft of office  
development acquired  
through joint venture in 1983.

CONTACT:

**Hugh Elphick or Crispin Etherington**



**Healey & Baker**

645 Madison Avenue, New York, NY 10022  
Tel: 0101-(212) 935 7251 Telex: 126750 Heaba US

**Guinness Peat Properties Inc.**

535 Madison Avenue, New York, NY 10022  
Tel: (212) 355 3907 Telex: 421544

## IT'S A PLEASURE DOING BUSINESS IN NEW YORK CITY



Especially when you're working at  
**THE ASCAP BUILDING**

It's more than "just business" in our modern, full service offices because of the special benefits of the ASCAP Building's location:

Just opposite Lincoln Center in the vibrant cultural environment of music, dance and opera...and, of course, the exciting night life and dining possibilities.  
• 4 blocks from Columbus Circle, one of the city's major transportation hubs.

The luxury of a penthouse fitness club and attended parking garage.

**CURRENTLY AVAILABLE  
35,500 sq. ft.**  
(Can be divided into smaller units)

**ESG**

For further details, please call:  
**BARRY GOODMAN, V.P.**  
(212) 883-8341

EDWARD S GORDON COMPANY INC

TELEX:  
710-581-3074